SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY, ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION, APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

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This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF JAMES W. DAVIS
SECRETARY-TREASURER AND
DIRECTOR OF PLANNING
MARYLAND PORT AUTHORITY

[fol. 3952]

I. & S. DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF JAMES W. DAVIS

Q. Will you please give me your name, your position, and a brief statement of your experience?

A. My name is James W. Davis. I am employed by the Maryland Port Authority in its headquarters, Mathieson Building, Baltimore 2, Maryland, in the dual capacity of Secretary-Treasurer and Director of Planning. I am a graduate of North Carolina State College.

My experience in port work has been obtained during my employment with the Maryland Port Authority, with the Port of Baltimore Commission, and with the Corps of Engineers in the Baltimore District of the Corps. My employment with the Maryland Port Authority began on June 14, 1956, the year of its establishment, and I was the Authority's first employee. Prior to that, beginning August 1, 1952 and actually continuing until this time, I was and am Director of the Port of Baltimore Commission, a City of Baltimore agency. This latter agency will become defunct once a large project now under construction under the supervision of that agency is completed, and all of the functions of that agency will then be completely taken over by the Maryland Port Authority. Prior to August 1, 1952, I was employed as a civil engineer with the Corps of Engineers in the Baltimore District for a period of 14½ years, 11½ years of that period with duties associated with the development of navigable waters in the State of Maryland, including the Port of Baltimore, and with the administration of Federal river and harbor laws applicable [fol. 3953] to navigable waters. My experience during these three periods of service, therefore, covers engineering, administration, planning, development, and financing activities associated with a large port.

I. DESCRIPTION OF THE MARYLAND PORT AUTHORITY

Q. What is the Maryland Port Authority?

A. The Maryland Port Authorty is "a body politic and corporate and an instrumentality of the State of Maryland" which was established by an Act of the General Assembly of Maryland during an Extra Session of that Body in 1956. The Authority was established for the purpose of promoting and developing all of the ports of the State of Maryland, with a few minor exceptions. The Port of Baltimore, being the largest port of the State of Maryland, receives, as it should, the Authority's greatest attention and efforts.

Under the legislative act establishing the Authority, the Authority may intervene in any proceeding affecting the commerce of the Port. It is empowered "to appear in its own behalf before boards, commissions, departments or other agencies of the Federal government or of any State or international conference and before committees of the Congress of the United States and the General Assembly of Maryland in all matters relating to . . . rail rates, water rates . . . affecting the physical development of and the business interest of the Authority and those it serves".

Q. What led to the creation of the Maryland Port Authority?

A. The Maryland Port Authority is the result of many years of thinking and planning upon the part of business [fol. 3954] and legislative interests in the State of Maryland. It is also the outgrowth of previous attempts to establish a strong centralized port agency which would perform all those functions normally associated with such public agencies. Included among its predecessors was the Port of Baltimore Commission and the Port Development Commission, agencies of the City of Baltimore which, because of legislative weakness, were unable to produce sufficiently effective results as expected by the business interests of the City and State.

The Maryland Port Authority is presently concluding negotiations with the City of Baltimore whereby certain City performed port functions and city owned properties

will be completely transferred to the Authority on January 1, 1958, in accordance with legislative intent.

II. DESCRIPTION OF THE PORT OF BALTIMORE

Q. You have indicated that the Port of Baltimore is the principal port within the State of Maryland with which the Maryland Port Authority is concerned. Is it not true that the Port of Baltimore is the only port presently existing in the State of Maryland which would be directly affected by any decision in connection with the present proceedings?

A. Yes. I would like to point out, however, that the Port of Baltimore includes more than waterways solely within the limits of the City of Baltimore. By legislative enactment many years ago, the Port of Baltimore was described as the Patapsco River and all its tributaries and all of the land bounding on the river and its tributaries. The Port, [fol. 3955] therefore, includes the City of Baltimore and portions of Baltimore County and Anne Arundel County bordering the shoreline of the Patapsco River and its tributaries. The Port of Baltimore comprises about 60 miles of shoreline, of which about 40 miles are improved.

Q. Will you describe in general the facilities of the Port?

A. Facilities of the Port of Baltimore include some 270 piers, wharves and docks of various designs and types, with depths of water alongside of up to 40 feet at mean low water. Many of these have rail trackage connecting with the trunk line, terminal and industrial railroads serving the Port, and a large number of them are within areas close to the center of the City of Baltimore. Wide and well-paved marginal streets and highways, together with access roads and driveways, provide suitable approaches to all piers for motor trucks.

A great majority of the general cargo shipping in overseas, coastwise or intercoastal trades at the Port of Baltimore is done over terminals located in the Northwest Branch, the north side of the Middle Branch, and on the north side of the Patapsco River at Canton.

Most deep-draft foreign and domestic shipping of the Port, other than that handled at the wharves of the numerous industrial plants, is concentrated at the ocean terminals operated by the trunk line railroads, the Baltimore and Ohio, the Pennsylvania, and Western Maryland, and by the terminal line, the Canton Railroad. Freight moving over these terminals is handled quickly and efficiently as all facilities are equipped with depressed or apron tracks permitting transfer of cargoes directly between rail cars [fol. 3956] and ships. Facilities are provided at the rail terminals for receipt and delivery of motor truck freight.

Q. Will you please describe the navigation channels which serve the Port of Baltimore?

A. The Port of Baltimore possesses two different exits to the ocean trade routes of the world. The principal route is via the southerly course through the Chesapeake Bay and the Chesapeake Capes to the open ocean off Hampton Roads, the distance being 150 nautical miles. The Chesapeake Capes route from the Port includes the main ship channel, 20 miles long, from Fort McHenry, in the center of the Port, to deep water in the Chesapeake Bay, and also includes the York Spit and Cape Henry Channels in the lower bay, all of which are maintained at 39-foot depth, soon expected to be increased to 42 feet. Branch channels in Curtis Bay, Northwest Branch, and Middle Branch are maintained to a depth of 35 feet, the first two soon expected to be increased to 42 feet.

The Chesapeake and Delaware Canal is a sea level, toll-free waterway, 15 miles long, operated by the Corps of Engineers. It offers a short protected route between Baltimore and other leading North Atlantic ports, and further provides this Port's second exit to the sea via the Delaware Bay, a distance of 125 nautical miles. The depth of the Chesapeake and Delaware Canal is maintained at 27 feet and it has been approved by the Congress for a deepening to 35 feet.

The provision of these aforementioned channels or routes was at Federal expense. The provision of the route via the Capes was at a cost of $26,841,200, and the provision of the [fol. 3957] route via the Chesapeake and Delaware Canal

was at a cost of $55,584,216, which costs include both new work and maintenance.

In addition to the dredging performed by the Federal government, the City of Baltimore, beginning in the year 1876, has expended a total of $6,193,611 to provide and maintain other channels of the Port, particularly in the Northwest Branch which, under provision of the Federal law applying to channels at Baltimore, must originally be dredged by the City of Baltimore before it is made a part of the Federal project.

Q. Do you have a map which will show the Port of Baltimore?

A. Yes. I have two such maps. Exhibit No. —— (JWD-1) is a brochure of maps prepared by the Maryland Port Authority to show the various sections of Baltimore Harbor. The maps in this brochure are keyed in such a way that the owner and/or operator of the various facilities illustrated are shown on the facing page. The maps in this brochure include all of the developed shoreline of the Port of Baltimore.

In addition to the brochure, I also have Exhibit No. —— (JWD-2) which is a map entitled, "Location Map of Railroad Sidings and Industrial Tracks in Baltimore". This maps shows in different colors the locations of the various railroads and railroad terminals at the Port of Baltimore, and the key to this coloring system is shown in the legend of the map. Although the map lists a number of railroads, including several industrial roads, only the four principal railroads serving the port have terminal facilities which will be described for this testimony. These are the four which [fol. 3958] have heretofore been named, the Baltimore and Ohio, the Western Maryland, the Pennsylvania, and the Canton Railroads.

Q. It is understood that the principal facilities of these railroad owned and/or operated terminals are located in four areas of the Port. Will you name these areas?

A. On the westerly side of the Northwest Branch of Baltimore Harbor is located the Locust Point Terminal of the Baltimore and Ohio Railroad. This same railroad owns and operates in the Curtis Bay area bulk facilities for the receipt of ore and the export of coal. The locations of these

facilities, with access track system, are shown in blue on Exhibit No. —— (JWD-2).

The Western Maryland Railway has its terminal for both general cargo and bulk materials in an area known as Port Covington on the north side of the Middle Branch of the Patapsco River. The locations of these facilities and the approach rail system are shown in green on Exhibit No. —— (JWD-2).

The Canton Railroad and the Pennsylvania Railroad have their terminals and their rail systems located in areas known as Lower Canton on the north side of the Patapsco River and Upper Canton on the east side of the Northwest Branch of the Patapsco River. The locations of the Canton Railroad facilities are shown in brown, and the locations of the Pennsylvania Railroad facilities are shown in red on Exhibit No. —— (JWD-2).

Although these are the principal facilities for the receipt and shipment of cargo at the Port of Baltimore, there are other minor facilities which I would like to describe sub-
[fol. 3959] sequently in view of their relatively minor importance in comparison with the four major railroad facilities.

Q. Will you please describe in detail the facilities of the four railroad owned and/or operated terminals which you have named, including a brief resume of their historical development?

BALTIMORE AND OHIO RAILROAD COMPANY

A. I shall begin with those facilities owned by the Baltimore and Ohio Railroad Company. The locations of these facilities are shown in blue on Exhibit No. —— (JWD-2).

The rails of the Baltimore and Ohio were extended to Locust Point in Baltimore Harbor in 1849. The railroad built its first piers at Locust Point in 1868 as part of an agreement with the North German Lloyd S.S. Company to promote the interchange of commerce between Baltimore and Bremen, Germany.

The present day waterfront facilities of the Baltimore and Ohio Railroad in Baltimore Harbor are known as the Locust Point Marine Terminal and the Curtis Bay Ter-

minal. These facilities were built and are owned and maintained by the Baltimore and Ohio Railroad Company. The facilities are operated by the railroad in conjunction with local stevedoring companies. The Locust Point Terminal is equipped to handle both general cargo and certain bulk commodities. The Curtis Bay Terminal consists of specialized facilities for the handling of import ores and for the transfer of coal to vessels for export and for coastwise and harbor delivery.

The Locust Point Marine Terminal facilities are shown in detail on Exhibit No. —— (JWD-3), which is a map [fol. 3960] entitled, "The Baltimore and Ohio Railroad Company—Locust Point Terminal". Exhibit No. —— (JWD-3A) is an outline description of the characteristics of each pier and the services each is adapted to provide at this terminal.

Summarized, the Locust Point Terminal comprises 10 large general merchandise piers and a modern grain elevator for ocean commerce. In addition, a gravity coal pier and two double track float bridges are located at Locust Point, both of which are used to serve local business in Baltimore Harbor.

The 10 merchandise piers provide 24 ship berths; 2 of the berths are open, 5 have one-story transit sheds, and 3 have two-story transit sheds. The 2 open berths have a combined deck area of 100,000 square feet. The total covered area of the 8 berths, with transit sheds, is about 1,000,000 square feet or approximately 23 acres. A 60-foot wide roadway provides for free and easy movement of truck traffic to and from the piers.

Overall, the Baltimore and Ohio Locust Point Terminal, including direct rail supporting facilities, occupies about 350 acres. It is served by classification and supporting rail yards with a capacity of about 2,700 cars, and has more than 4 miles of track on piers alone.

The original cost of the Baltimore and Ohio's facilities at Locust Point was approximately $20,900,000. The present day reproduction cost of the marine terminal would be approximately $75,000,000.

These figures do not include the new Fruit Pier which is [fol. 3961] presently under construction on the south side

of Locust Point at an estimated cost of $4,300,000. This new Fruit Pier is also shown on Exhibit No. —— (JWD-3) and is separately described in an outline description contained in Exhibit No. —— (JWD-3B).

The Baltimore and Ohio Railroad Company has spent over $2,300,000 in improvements, other than new pier construction to its Locust Point facilities, in the post-war years. An outline description of these improvements made by the railroad is shown on Exhibit No. —— (JWD-3C).

There is sufficient waterfront and supporting acreage owned by the Baltimore and Ohio at Locust Point both for substantial expansion of present pier facilities and construction of new piers. The Baltimore and Ohio also owns substantial acreage of waterfront property at other locations in Baltimore Harbor which are suitable for the construction of another large marine terminal.

Along the southerly shore of Locust Point, east and west of the new Fruit Pier, the Baltimore and Ohio has a waterfront aggregating about 1,550 feet for future pier development. This location is adapted to construction of piers and slips up to 1,300 feet in length. The Baltimore and Ohio also has substantial acreage at Marley Neck suitable for waterfront development.

As mentioned previously, the Baltimore and Ohio has built and maintained the Curtis Bay Terminal, which comprises a coal pier and a modern ore pier. The Curtis Bay Terminal, together with its supporting rail yard, is shown in detail on Exhibit No. —— (JWD-4), which is a map entitled, "The Baltimore and Ohio Railroad—Curtis Bay [fol. 3962] Terminal". An outline description of the coal and ore piers is contained in Exhibit No. —— (JWD-4A).

The original cost of the Curtis Bay Terminal facilities was about $9,700,000. Present day reproduction cost would be approximately $25,000,000.

Since 1953, the Baltimore and Ohio has spent approximately $102,000 in improvements to its Curtis Bay Terminal. These improvements are described in outline on Exhibit No. —— (JWD-4B). There is room also on Baltimore and Ohio owned ground for substantial expansion of the Curtis Bay Terminal by the railroad.

The reproduction costs used in the preceding description, and those which will follow, are based upon I.C.C. Elements of Expense, dated December 31, 1955.

WESTERN MARYLAND RAILWAY COMPANY

I shall next describe the facilities of the Western Maryland Railway Company at Port Covington. The locations of these facilities are shown in green on Exhibit No. ——— (JWD-2).

Construction of the tidewater extension from the main line of the Western Maryland Railway at Walbrook Junction, Baltimore, to Port Covington, was completed September 20, 1904. Four days later, when the line went into service, waterfront and operating facilities were also placed in service. The waterfront facilities at that time consisted of covered merchandise ore freight pier, a coal pier, and a transfer bridge for the interchange of freight cars between rail and barge. An open pier was added in the fall [fol. 3963] of 1912, and a grain elevator with a capacity of 1,000,000 bushels was completed in 1915. In 1930, a crane for handling of ore and bulk materials was installed on the open pier, and on two occasions since, the pier has been extended a total of about 700 feet. On each occasion, an additional crane was added. The grain elevator also has been enlarged on two different occasions, first to 3,500,000 bushel capacity, and just last year to 4,785,200 bushel capacity. On September 5, 1919, the original coal pier, with adjustable coal chutes, was destroyed by fire and was replaced in April, 1921 with a lift type dumper pier which was extended in 1927 to its present length and a rotary dumper added.

In 1929, the Port Development Commission of Baltimore, at a cost of $8,500,000, built the McComas Street Terminal, which was then adjacent to and is now a part of the Port Covington Terminal, and leased it to the Western Maryland Railway Company. The terminal, as originally constructed, had three piers and one warehouse connected by 10-ton capacity bridges at second floor level, with storage capacity for 120,000 tons of freight and dock space for 6 ocean-going vessels. Since originally constructed, ramps

have been added to permit easier access by truck to the second floor of the piers and warehouse. At present, work is underway which will extend and widen Pier 9 to provide a second apron track and docking space for another vessel and add another 115,000 square feet of covered floor space to the terminal; the apron on Pier 8 is also being widened and a second track is being added, and roadway and track facilities are being enlarged in keeping with the expanded [fol. 3964] facilities—all at a cost of approximately $4,250,000. All of this additional work is being financed by the Port of Baltimore Commission and is to be leased to the Western Maryland Railway Company for a long term.

In 1932, a 2,000,000 gallon molasses storage tank was erected, and from time to time since then the facility has been modernized with new pumps, boiler, etc.

Exhibit No. —— (JWD-5), which is a map entitled, "Western Maryland Railway Company Property at Port Covington and McComas Street" shows these facilities in detail. Exhibit No. —— (JWD-5A) gives an outline description of the facilities.

Summarized, the Port Covington Terminal contains 4 merchandise piers, a grain elevator, a coal pier, and an ore pier, with a total berthing space at all piers for 16 ocean-going vessels. In addition, there is a large molasses storage tank, a storage warehouse with 43,200 square feet of floor space, and 2 double track float bridges. The 4 merchandise piers have berths for 9 vessels and a covered area, including the warehouse, of approximately 612,000 square feet. The berthing space for vessels and the covered area will both be increased as heretofore indicated when the extension to Pier 9 is completed.

Overall, the Port Covington Terminal of the Western Maryland Railway Company consists of 151 acres of fast land and 50 acres under water, or a total of 201 acres. It contains 210 tracks, with a yard capacity of 3,000 cars and a working capacity of 2,500 cars.

[fol. 3965] The original cost of the Western Maryland Railway Company's facilities at Port Covington was approximately $14,300,000. The present day reproduction cost

of the terminal would be approximately $31,721,175. These figures do not include the cost of the McComas Street piers built by the City and leased to the Western Maryland Railway Company, which cost to the City, including that now being spent for new construction, is $12,750,000. It has been estimated that the reproduction cost of the McComas Street piers would be about $25,000,000.

Since 1945, the Western Maryland Railway Company has spent approximately $5,027,438 in improvements at Port Covington as described in Exhibit No. —— (JWD-5B).

CANTON RAILROAD COMPANY

I shall next describe the facilities of the Canton Railroad Company located in what is known as the Lower Canton area of the Port of Baltimore. The locations of these facilities, with rail connections, are shown in brown on Exhibit No. —— (JWD-2).

The Canton Railroad Company, a terminal railroad, was incorporated in Maryland in 1906 and proceeded to build the Canton Terminal and to construct the necessary rail lines in the interior to provide terminal supporting facilities and connections with the three trunk line railroads, as well as to provide adequate railroad facilities to serve the demands of the industrial developments and public needs in the Canton section of the City of Baltimore.

[fol. 3966] The line, as first constructed, extended from the waterfront at the Foot of Bayliss Street to a point in Oldham Street north of Holabird Avenue. The effect of and need for this railroad service was immediately apparent. Industries in increasing numbers began locating on the lines of the Canton Railroad and the traffic handled at its waterfront terminals grew continuously, which necessitated extending and enlarging the facilities to meet the requirements of this increasing traffic.

The main line, as now located, extends from the waterfront of the Patapsco River at the Foot of Bayliss Street, to Eastern Avenue and Rolling Mill Road. From this main line, tracks extend in many directions to provide extensive supporting facilities for the waterfront terminals and to

serve the various industries in this district. Interchange with the Pennsylvania Railroad and the Baltimore and Ohio Railroad is made by direct rail connections. Interchange with the Western Maryland Railway is made by carfloat.

The present day waterfront facilities of the Canton Railroad Company are known as the Canton Terminal. These facilities are operated and maintained by the Canton Railroad Company. A portion of the facilities are owned by the Canton Company of Baltimore and leased for a period of 99 years to the Canton Railroad Company. The Canton Terminal is equipped to handle both general cargo and bulk commodities. The terminal includes the specialized facilities for the handling of bulk import ores

The Canton Terminal and its supporting facilities are shown in detail on Exhibit No. —— (JWD-6), which is a [fol. 3967] map entitled, "Canton Railroad Company, Baltimore, Maryland". Exhibit No. —— (JWD-6A) is an outline description of the characteristics of each pier and the services each is adapted to provide.

Summarized, the Canton Terminal consists of 4 large merchandise piers, a double track float bridge, and a modern ore pier, together with necessary supporting facilities, equipment and appurtenances for operating and maintaining this terminal.

The 4 merchandise piers provide 10 ship berths. One of the piers has approximately 960 feet of the outer end open, and on these 4 piers there are 7 transit and/or storage buildings. Of these 7 buildings on the merchandise piers, 4 are one-story in height, one is two-stories with a one-story annex, one is three-stories, and one is six-stories with a three-story annex. The open outer end at Pier 10 has an area of approximately 195,000 square feet. The area of the 4 piers covered with buildings is about 337,000 square feet or approximately 7.74 acres. Highway access to the piers is provided by means of private macadam roadways serving all piers.

Overall, the Canton Railroad Company's Canton Terminal, including rail supporting facilities, occupies about 245 acres. It is served by classification and supporting rail yards with a capacity of about 1,200 cars.

The original cost of the Canton Railroad Company's facilities at Canton was approximately $8,300,000. The present day reconstruction cost of the terminal would be approximately $33,000,000.

[fol. 3968] The Canton Railroad Company has spent over $735,000 in improvements to its Canton facilities in the post-war years. Exhibit No. —— (JWD-6B) is an outline description of these post-war improvements made by the railroad

There is sufficient waterfront and supporting acreage at Canton both for substantial expansion of present pier facilities and the construction of new piers

PENNSYLVANIA RAILROAD COMPANY

I shall next describe the facilities of the Pennsylvania Railroad Company which are located in both the Lower and Upper Canton areas of the Port of Baltimore The locations of these facilities with rail access are shown in red on Exhibit No —— (JWD-2).

The Pennsylvania Railroad Company first constructed trackage in the Canton area of Baltimore Harbor in the year 1873. The first piers were built in 1897 to enable the railroad to complete its line connecting navigational interests on the Great Lakes with those on the Atlantic Ocean. The facilities were built by the Northern Central Railroad Company and are owned and maintained by the Northern Central Railroad Company, but are operated by the Pennsylvania Railroad Company in connection with local stevedoring companies.

The facilities in the area known as Upper Canton are equipped to handle both general cargo and bulk commodities, in addition to handling coal for transfer to vessels for export and local delivery. Portions of the facilities in [fol. 3969] the area known as Lower Canton are equipped to handle general cargo. In addition, there are also located in Lower Canton specialized facilities for handling grain and import ores. The Pennsylvania Railroad operated facilities are shown in detail on Exhibit No. —— (JWD-7), which is a map entitled, "Pennsylvania Railroad Facilities in the Port of Baltimore, Md." Exhibit No. —— (JWD-7A)

is an outline description of the characteristics of each pier and the services each is adapted to provide.

Summarized, the facilities consist of 4 merchandise piers and a modern grain elevator, coal pier and ore pier. Moreover, there is a double track float bridge located in Upper Canton which handles both export and domestic traffic requiring carfloat delivery.

The 4 merchandise piers provide 12 ship berths. One of the piers is open, one has a one-story transit shed, and two have two-story transit sheds. The one open pier has an area of approximately 30,000 square feet. The total covered area of the other piers is approximately 465,000 square feet or nearly 11 acres. Truck traffic has easy access to the piers direct from paved City streets.

The Pennsylvania Railroad Company and subsidiaries have built and maintained a modern coal pier, ore pier and grain elevator, which provide a total of 10 ship berths.

All of the above piers are served by classification and supporting rail yards with a capacity of about 3,700 cars. There are more than 5 miles of track on the piers alone. [fol. 3970] The original cost of the Pennsylvania Railroad Company's facilities in the Port of Baltimore was approximately $18,359,400. The present day reproduction cost of these facilities would be about $48,741,900.

The Pennsylvania Railroad has spent over $1,957,000 in improvements, other than new pier construction, to its Canton facilities in the post-war years. An outline description of these post-war improvements is shown on Exhibit No. —— (JWD-7B).

There is sufficient waterfront and supporting acreage in the Canton area both for substantail expansion of present pier facilities and the construction of new piers.

The aforegoing descriptions cover the major marine terminals at the Port of Baltimore, all of which are operated by railroads.

Q. You have stated heretofore that there are other relatively minor facilities at the Port of Baltimore which would have bearing on the case at issue. Would you please describe them?

A. In the order of their importance in connection with the present case, the descriptions of these other facilities follow.

RUKERT TERMINALS CORPORATION

The Rukert Terminals Corporation maintains piers and warehouses for the receipt and storage of general merchandise and various bulk materials at four points in Baltimore Harbor. It also operates the Port's only cargo fumigation facility. Services performed by the organization include weighing and sampling, bagging bulk materials, export packing and crating, stevedoring, and heating and drumming tank car exports.

[fol. 3971] The Corporation's facilities are:

JACKSON'S WHARF TERMINAL—This is a covered pier with a length of 340 feet and a width of 70 feet. It has a two-story covered shed with floor area of 40,800 square feet supported by a four-story warehouse with 53,265 square feet of floor space. It is served by tracks of the Pennsylvania Railroad Company accommodating 18 cars. There is a berth for one ship with a depth of water alongside of 24 feet. This facility is shown on Exhibit No. —— (JWD-1) on page entitled, "Northwest Branch", and is keyed 128.

CLINTON STREET TERMINAL—This is a one-story storage building with 48,750 square feet of space. It is served by Pennsylvania Railroad tracks of 36 car capacity and by Pier No. 5 of that railroad, which has a berthing for one ship with 32 feet of water. The 3,750 cubic foot fumigation facility is also located here and it is used extensively for serving foreign cotton, broom corn and other imports requiring fumigation. This facility is keyed 106 on the aforementioned exhibit and page.

LAZARETTO POINT WAREHOUSES—The pier here is 505 feet long with depth of water alongside of 32 feet, providing a berth for one vessel. The facility is supported by storage units for hazardous and non-hazardous merchandise, containing an aggregate of 200,000 square feet of floor space. It is served by tracks of the Pennsylvania Railroad. This facility is keyed 103 on the aforementioned exhibit and page.

[fol. 3972]

BROWN'S WHARF—This pier is 310 feet long and has a depth of water alongside of 24 feet, providing one berth. General merchandise storage units of 82,520 square feet of floor space support the wharf. Pennsylvania Railroad tracks of 8 car capacity serve the facility. This facility is keyed 127 on the aforementioned exhibit and page.

BELT'S WHARF WAREHOUSES, INC.

Belt's Wharf Warehouses, Inc. is located on the waterfront near the foot of Fells Street. This facility consists of general merchandise warehouses, having a floor space of 120,000 square feet comprising the main buildings with 2 covered piers immediately adjacent, the larger of which can berth a vessel up to 425 feet long and the smaller a vessel up to 300 feet long. The facilities are served by spur tracks of the Baltimore and Ohio Railroad and by lighterage to the Pennsylvania Railroad and the Western Maryland Railway.

While the company's business includes handling and storing the usual wide scope of general merchandise, there is emphasis on canned goods, especially canned meats, and practically all of the green coffee imports at Baltimore are handled here. The staff of experienced men are trained in weighing, sampling, forwarding, storing, skimming, reconditioning and sorting. U. S. Customs Bonded space and electric oven incubation for imported canned hams are among the facilities available. These facilities are shown on Exhibit No. —— (JWD-1) on page entitled, "Northwest [fol. 3973] Branch", and are keyed 124.

MUNICIPAL PIERS

The City of Baltimore owns a total of 13 piers and wharves throughout the harbor district which are used principally for the accommodation of vessels in the coastwise trade and for storage and similar purposes.

Six of these City-owed piers, with depths of water alongside of 24 feet and lengths ranging from 573 feet to 1,456 feet, are along East Pratt Street in the Inner Harbor. These piers are shown on Exhibit No. —— (JWD-1), on

page entitled, "Northwest Branch", and keyed 2 through 7. Some of these are leased to steamship companies operating coastwise or in the fruit import trade. Others are used for receiving sand and gravel, receipt and storage of lumber, and docking of vessels while they are ceiled for grain.

Another municipally owned pier, known as Pier 7, Lancaster Street, is used for the mooring of icebreakers and other floating equipment operated by the Bureau of Harbors and for police and fireboat stations. This pier is keyed 1 on the aforementioned exhibit and page.

Still another municipally owned pier is at the Foot of Broadway, and is a marginal type pier 500 feet long with water depth alongside of 23 feet and is useable for many purposes in the receipt and discharge of cargo. This pier is keyed 127 on the aforementioned exhibit and page.

Another municipally owned pier at the Foot of Broadway is the Recreation Pier which is 500 feet long, 150 feet [fol. 3974] wide, and has water depth alongside of 22 feet and 27 feet, providing 2 berths. This covered pier is used mainly to discharge inbound cargoes and to moor ships being ceiled for grain. It is keyed 126 on the aforementioned exhibit and page.

No reliable figures are available as to the original costs or the reproduction costs of these minor facilities just described. Needless to say, however, they represent millions of dollars in investments.

INDUSTRIAL PIERS

Q. Will you briefly discuss other piers at the Port of Baltimore?

A. The Port of Baltimore is noted for the large industrial complex which it supports, and many of these industries have their own piers for the purpose of receiving raw materials and shipment of finished products. The prime example, and the only one which I will specifically name, are those facilities of the Bethlehem Steel Company which consist of piers for the receipt of ores and coal and the shipment of finished steel products. Many chemical, fertilizer and oil companies also have their own piers at the Port, as do many other industries.

LIGHTERAGE AND CARFLOAT INTERCHANGE

Q. Is there an interchange of cargo at the Port of Baltimore other than that hauled by rail?

A. In addition to the rail systems linking the various sections of the Port of Baltimore by direct rail connection, there is also a large movement of cargo through the use of lighters and carfloats. Approximately 8 per cent of the [fol. 3975] Port's general cargo is handled in this manner. There are 83 lighters, both covered and open, presently in service at the Port and the total original investment in this equipment is $1,093,590. In addition to lighters, there are also 35 carfloats in service and the total original investment in these carfloats was $3,811,711.

The time involved in the movement of these lighters and carfloats from point to point in the harbor varies from 15 minutes to 1 hour and 15 minutes. This additional linking of the Port's facilities makes even more efficient the Port's cargo handling capabilities.

ADDITIONAL CARGO CAPABILITIES

Q. Is the Port of Baltimore in a position to handle more cargo than it presently does?

A. Yes. Although a modernization program insofar as pier facilities are concerned is needed at Baltimore and is proposed, there has been demonstrated heretofore, during period of strikes at other ports, that the Port of Baltimore can handle additional cargo. At one time, such additional cargo handling at the Port resulted in extreme congestion and inefficiency of operation, but under controlled practices now in operation at the Port, the Port has actually handled a much larger cargo volume with efficiency and dispatch. As the modernization program advances, even more cargo may be handled at the Port due to the more efficient type of piers which will result. This is actually [fol. 3976] demonstrated as of this time by the partial completion of a new pier and modernization program at the Western Maryland Railway, Port Covington Terminal.

[fol. 3977] VERIFICATION

James W. Davis, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements con-

tained therein are true and correct to the best of his knowledge, information and belief.

(Signed) JAMES W. DAVIS
James W. Davis

Subscribed in my presence, and sworn to before me, by the affiant above named, this 9th day of October, 1957.

(Signed) EDNA BROWN
Notary Public, State of Maryland
My Commission expires 5-4-59

SEAL

[fol. 3978]

I.C.C. EXHIBIT No. 73

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N. W., Washington, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the
INTERSTATE COMMERCE COMMISION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES
AT NORTH ATLANTIC PORTS

Verified Statement of Frederick H. N. Heemann

TRANSPORTATION DEPARTMENT
MARYLAND PORT AUTHORITY
BALTIMORE, MARYLAND

(Omitted in printing.)

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[fol. 3979]

Exhibit No. (FH-2)
I.S. Docket No. 6615
Witness - Fred'k H.N. Heemann

COMPARATIVE STATEMENT SHOWING A PROGRESSION OF THE BALTIMORE DIFFERENTIALS OF 8 CENTS AND 3 CENTS APPLICABLE TO AND FROM DIFFERENTIAL TERRITORY SINCE 1914, THE AGREED 1877 DIFFERENTIALS HAVING BEEN INCREASED (OR DECREASED) TO THE SAME EXTENT AS THE 1877 RATES WERE INCREASED (OR DECREASED) TO AND FROM DIFFERENTIAL TERRITORY.

Year	I.C.C. Proceedings	(1) Increase (or Decrease)	Differentials	
			8	3
1877 to 1914	Base	—		
1915	5% increase	5%	8.40	3.15
1917	15% increase	15%	9.66	3.62
1918	General Order #28	25%	12.07	4.53
1920	Increased Rates - 1920	40%	16.90	6.34
1922	Reduced Rates - 1922	10% (Reduction)	15.21	5.71
1938	Ex Parte 123, 3-28-38	10%	16.73	6.28
1947	Ex Parte 162, 1-1-47	25%	20.91	7.85
1948	Ex Parte 166, 8-21-48	30%	27.18	10.21
1949	Ex Parte, 168, 9-1-49	10%	29.90	11.23
1952	Ex Parte, 175, 12-1-52	15%	34.39	12.91
1956	Ex Parte, 196, 3-7-56	6%	36.45	13.68
1957	Ex Parte 206, 8-26-57	14%	42.00	16.00

(1) All increases except as otherwise indicated.

3979

CORRECTED EXHIBIT

Exhibit No. _____ (FH-3) Page 1
I.S. Docket No. 6615
Witness - Fred'k H.N. Heemann

COMPARATIVE STATEMENT PROVIDING SPECIFIC ILLUSTRATIONS TO SHOW THE 1ST, 5TH AND 6TH CLASS RATES APPLICABLE TO AND FROM NEW YORK AND BALTIMORE, FROM AND TO REPRESENTATIVE DIFFERENTIAL TERRITORY POINTS, AS PUBLISHED IN 1914 (PRIOR TO ANY INCREASES), 1931-1932 (DOCKET 15879 ADJUSTMENT), AND IN 1957 INCLUDING THE EX PARTE 196 INCREASE AND THE 1957 RATES INCLUDING THE EX PARTE 206 INCREASE EFFECTIVE AUGUST 26, 1957.

The various columns (A to G) preceding the 1957 Ex Parte 196 and Ex Parte 206 rates represent the following:

A - The Docket 28300 Domestic Rates.
B - The published import rates
C - Import rates reflecting existing port differentials
D - Import rates differentially made over Baltimore or under New York, using the increased differentials as shown in Exhibit No._____(FH-2) under the Ex Parte 196 increase and the Ex Parte 206 increase.
E - Export rates as published
F - Export rates reflecting existing port differentials
G - Export rates differentially made over Baltimore or under New York, using the increased differentials as shown in Exhibit No._____(FH-2) under the Ex Parte 196 and the Ex Parte 206 increases.

Item	Year	Between	1st Class Domestic		1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
			WB	EB								
I	1877-1914	Chicago & New York	75		75	75	30	30	30	25	25	25
		Chicago & Baltimore	67	72	67	72	27	27	27	22	22	22
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Chicago & New York	152		148	143	53	52	52	42	42	42
		Chicago & Baltimore	140		140	140	49	49	49	39	39	39
		Spread	12		8	3	4	3	3	3	3	3

III	1957 (Includes Ex Parte 196)		A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
		Chicago & New York	396	347	344	365	340	339	350	139	122	122	128	122	122	128	108	96	95	101	96	95	101
		Chicago & Baltimore	366	336	336	329	336	336	336	128	119	119	114	119	119	114	101	92	92	87	92	92	87
		Spread	30	11	8	36	4	3	14	11	3	3	14	3	3	14	7	4	3	14	4	3	14
IV	1957 (Includes Ex Parte 206)	Chicago & New York	444	396	391	416	388	386	399	156	139	139	146	139	139	146	121	109	108	115	109	108	115
		Chicago & Baltimore	410	383	383	374	383	383	383	143	136	136	130	136	136	130	113	105	105	99	105	105	99
		Spread	34	13	8	42	5	3	16	13	3	3	16	3	3	16	8	4	3	16	4	3	16

WB-Westbound Rates
EB-Eastbound Rates

Underscored figures indicate corrections

3980

[fol. 3981]

(FH-3)-Page 2

Item	Year	Between	1st Class Domestic		1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
I	1877-1914	Cleveland & New York	53		53	53	21	21	21	18	18	18
		Cleveland & Baltimore	WB 45	EB 50	45	50	18	18	18	15	15	15
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Cleveland & New York	116		110	105	41	39	39	32	31	31
		Cleveland & Baltimore	102		102	102	36	36	36	28	28	28
		Spread	14		8	3	5	3	3	4	3	3

Item	Year	Between	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Cleveland & New York	305	253	252	279	247	247	258	107	89	89	98	89	89	98	84	72	71	76	72	71	76
		Cleveland & Baltimore	269	244	244	243	244	244	244	94	86	86	84	86	86	84	74	68	68	62	68	68	62
		Spread	36	9	8	36	3	3	14	13	3	3	14	3	3	14	10	4	3	14	4	3	14
IV	1957 (Includes Ex Parte 206)	Cleveland & New York	342	288	286	318	282	281	294	120	101	101	112	101	101	112	94	82	81	87	82	81	87
		Cleveland & Baltimore	301	278	278	276	278	278	278	105	98	98	96	98	98	96	83	78	78	71	78	78	71
		Spread	41	10	8	42	4	3	16	15	3	3	16	3	3	16	11	4	3	16	4	3	16

Item	Year	Between	1st Class Domestic		1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
I	1877-1914	Columbus & New York	59		59	59	23	23	23	20	20	20
		Columbus & Baltimore	WB 51	EB 56	51	56	20	20	20	17	17	17
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Columbus & New York	123		114	109	43	40	40	34	32	32
		Columbus & Baltimore	106		106	106	37	37	37	29	29	29
		Spread	17		8	3	6	3	3	5	3	3

Item	Year	Between	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Columbus & New York	323	265	262	290	259	257	268	113	92	92	103	92	92	103	89	73	73	81	73	73	81
		Columbus & Baltimore	276	254	254	254	254	254	254	96	89	89	89	89	89	89	75	70	70	67	70	70	67
		Spread	47	11	8	36	5	3	14	17	3	3	14	3	3	14	14	3	3	14	3	3	14
IV	1957 (Includes Ex Parte 206)	Columbus & New York	362	302	298	332	295	293	306	127	105	104	117	105	104	117	100	83	83	92	83	83	92
		Columbus & Baltimore	309	290	290	290	290	290	290	108	101	101	101	101	101	101	84	80	80	76	80	80	76
		Spread	53	12	8	42	5	3	16	19	4	3	16	4	3	16	16	3	3	16	3	3	16

WB- Westbound Rates
EB- Eastbound Rates

Underscored figures indicate corrections

3981

[fol. 3982]

Item	Year	Between	1st Class Domestic		1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
I	1877-1914	Cincinnati & New York	65		65	65	26	26	26	22	22	22
		Cincinnati & Baltimore	WB 57	EB 62	57	62	23	23	23	19	19	19
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Cincinnati & New York	136		124	119	48	44	44	37	35	35
		Cincinnati & Baltimore	116		116	116	41	41	41	32	32	32
		Spread	20		8	3	7	3	3	5	3	3

Item	Year	Between	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Cincinnati & New York	354	289	287	315	283	282	293	124	101	101	112	101	101	112	98	81	79	89	81	79	89
		Cincinnati & Baltimore	299	279	279	279	279	279	279	105	98	98	98	98	98	98	82	76	76	75	76	76	75
		Spread	55	10	8	36	4	3	14	19	3	3	14	3	3	14	16	5	3	14	5	3	14
IV	1957 (Includes Ex Parte 206)	Cincinnati & New York	396	329	326	360	323	321	334	139	115	115	128	115	115	128	110	92	90	101	92	90	101
		Cincinnati & Baltimore	335	318	318	318	318	318	318	118	112	112	112	112	112	112	92	87	87	85	87	87	85
		Spread	61	11	8	42	5	3	16	21	3	3	16	3	3	16	18	5	3	16	5	3	16

Item	Year	Between	1st Class Domestic		1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
I	1877-1914	Detroit & New York	59		59	59	23	23	23	20	20	20
		Detroit & Baltimore	WB 51	EB 56	51	56	20	20	20	17	17	17
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Detroit & New York	123		123	123	43	43	43	34	34	34
		Detroit & Baltimore	120		115	120	42	40	40	33	31	31
		Spread	3		8	3	1	3	3	1	3	3

Item	Year	Between	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Detroit & New York	323	295	293	295	293	292	295	113	105	103	104	105	103	104	89	81	79	81	81	79	81
		Detroit & Baltimore	317	285	285	259	289	289	281	111	100	100	90	100	100	90	88	76	76	67	76	76	67
		Spread	6	10	8	36	4	3	14	2	5	3	14	5	3	14	1	5	3	14	5	3	14
IV	1957 (Includes Ex Parte 206)	Detroit & New York	362	336	333	336	334	332	336	127	120	117	119	120	117	119	100	92	90	92	92	90	92
		Detroit & Baltimore	355	325	325	294	329	329	320	124	114	114	103	114	114	103	99	87	87	76	87	87	76
		Spread	7	11	8	42	5	3	16	3	6	3	16	6	3	16	1	5	3	16	5	3	16

WB- Westbound rates
EB- Eastbound rates

Underscored figures indicate corrections

3982

Item	Year	Between	1st Class Domestic		1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
I	1877-1914	Indianapolis & New York	70		70	70	28	28	28	23	23	23
		Indianapolis & Baltimore	WB 62	EB 67	62	67	25	25	25	20	20	20
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Indianapolis & New York	142		136	131	50	48	48	39	38	38
		Indianapolis & Baltimore	128		128	128	45	45	45	35	35	35
		Spread	14		8	3	5	3	3	4	3	3

Item	Year	Between	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Indianapolis & New York	372	317	315	340	311	310	321	130	110	109	120	110	109	120	103	89	89	94	89	89	94
		Indianapolis & Baltimore	330	307	307	304	307	307	307	116	106	106	106	106	106	106	90	86	86	80	86	86	80
		Spread	42	10	8	36	4	3	14	14	4	3	14	4	3	14	13	3	3	14	3	3	14
IV	1957 (Includes Ex Parte 206)	Indianapolis & New York	417	361	358	388	355	353	366	146	125	124	137	125	124	137	115	101	101	107	101	101	107
		Indianapolis & Baltimore	370	350	350	346	350	350	350	130	121	121	121	121	121	121	101	98	98	91	98	98	91
		Spread	47	11	8	42	5	3	16	16	4	3	16	4	3	16	14	3	3	16	3	3	16

Item	Year	Between	1st Class Domestic		1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
I	1877-1914	Peoria & New York	83		83	83	33	33	33	28	28	28
		Peoria & Baltimore	WB 75	EB 80	75	80	30	30	30	25	25	25
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Peoria & New York	162		156	151	57	55	55	47	44	44
		Peoria & Baltimore	148		148	148	52	52	52	41	41	41
		Spread	14		8	3	5	3	3	6	3	3

Item	Year	Between	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Peoria & New York	421	366	364	389	359	359	370	147	127	126	136	127	126	136	116	101	101	108	101	101	108
		Peoria & Baltimore	384	356	356	353	356	356	356	135	123	123	122	123	123	122	106	98	98	94	98	98	94
		Spread	37	10	8	36	3	3	14	12	4	3	14	4	3	14	10	3	3	14	3	3	14
IV	1957 (Includes Ex Parte 206)	Peoria & New York	472	417	414	443	409	409	422	165	145	143	155	145	143	155	130	115	115	123	115	115	123
		Peoria & Baltimore	430	406	406	401	406	406	406	151	140	140	139	140	140	139	119	112	112	107	112	112	107
		Spread	42	11	8	42	3	3	16	14	5	3	16	5	3	16	11	3	3	16	3	3	16

WB- Westbound rates
EB- Eastbound rates

Underscored figures indicate corrections

3983 -

Item	Year	Between	1st Class Domestic	1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
I	1877-1914	St. Louis & New York	88	88	88	35	35	35	29	29	29
		St. Louis & Baltimore	WB 80 EB 85	80	85	32	32	32	26	26	26
		Spread	8 3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	St. Louis & New York	167	161	156	58	57	57	46	45	45
		St. Louis & Baltimore	153	153	153	54	54	54	42	42	42
		Spread	14	8	3	4	3	3	4	3	3

Item	Year	Between	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	St. Louis & New York	432	375	374	401	369	369	380	152	133	132	139	133	132	139	120	105	104	111	105	104	111
		St. Louis & Baltimore	396	366	366	365	366	366	366	139	129	129	125	129	129	125	108	101	101	97	101	101	97
		Spread	36	9	8	36	3	3	14	13	4	3	14	4	3	14	12	4	3	14	4	3	14
IV	1957 (Includes Ex Parte 206)	St. Louis & New York	484	428	425	457	421	420	433	170	152	152	158	152	152	158	134	120	118	127	120	118	127
		St. Louis & Baltimore	444	417	417	415	417	417	417	156	149	149	142	149	149	142	121	115	115	111	115	115	111
		Spread	40	11	8	42	4	3	16	14	3	3	16	3	3	16	13	5	3	16	5	3	16

WB- Westbound rates
EB- Eastbound rates

Underscored figures indicate corrections

Tariff Authority - BO ICC 10900, 11568
Agent W.S. Curlett ICC A-330, A-354
Agent B.T. Jones ICC 2455
Agent C.W. Boins ICC A-942, A-776
Agent H.R. Hinch ICC 3642

12-27-57

3984

[fol. 3985]

I.C.C. Exhibit No. 75

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not lated than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF
GEOFFREY M. FOOTNER
PARTNER, FOOTNER AND COMPANY
BALTIMORE, MARYLAND

[fol. 3986]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF GEOFFREY M. FOOTNER

Q. Please state your name, business connection and address.

A. My name is Geoffrey M. Footner, of Footner and Company, 5 South Street, Baltimore, 2 Maryland.

Q. How long have you been connected with Footner and Company, and what was your previous employment?

A. Since its organization on March 1, 1950. Previously I was employed by the Baltimore Association of Commerce, as Foreign Trade Representative from 1947 to 1950.

Q. What is Footner and Company?

A. Footner and Company is a foreign-freight forwarder and broker. As such, it books space on vessels, prepares the various documents necessary for export shipments, suggests inland routings of traffic where desired by the shipper and arranges for trucking, warehousing, etc., at the port. In some cases, we act as the traffic department of the shipper, arranging for all transportation from inland point of origin to the port, as well as taking care of all the details at the port itself. We have our only office at the port of Baltimore but have correspondents and agents at the other ports. We represent about 100 American manufacturers and exporters, and in addition, we represent a number of firms located in Europe and South America.

[fol. 3987] Q. In connection with your activities as a foreign-freight forwarder and broker, have you become aware of factors which influence traffic to and from differential territory through the port of New York and away from the port of Baltimore, despite the existence of the so-called port differential?

A. Yes, as we have our own office in Baltimore, we quite naturally are primarily interested in handling traffic mov-

ing through that port. We have found it necessary, however, on many occasions, to route the shipments of our clients through New York rather than Baltimore for a variety of reasons—usually because of more frequent and direct ocean service at New York. For example, we handle the export movements of several construction companies which have jobs in various parts of the world and who find it necessary to ship a wide variety of items to those job sites. Many of those items originate in differential territory. To the extent possible, we arrange to route those shipments through Baltimore in order to obtain for our clients the benefit of Baltimore's proximity to point of origin as reflected in the differential. On many occasions, however, where time is an important factor, we find it necessary to route the shipments through New York. In the movement of needed spare parts, for example, we cannot take a chance on missing a Baltimore sailing and must use New York in order to take advantage of frequency and less time in transit. For that reason, we have associates in New York who attend to the handling of documents, etc., [fol. 3988] under our direction.

In a good many instances, our Baltimore clients find it necessary to use New York for the same reason.

Q. Are there other factors which operate to influence traffic through the port of New York despite the lower inland rates available through Baltimore?

A. Yes. The dominance of the port of New York, with its great number of foreign-freight forwarders and brokers, its superior ocean services, its superior banking and consular facilities, and its general dominance of the economic life of the country, has served to bring about a system of pricing under which in the majority of instances American manufacturers and exporters quote their prices FAS New York, or FOB plant, freight allowed to New York. In some instances, they quote FAS any north Atlantic port. All such methods of selling serve to eliminate the importance of the differential because the foreign purchaser is not aware of its existence. Another important factor is that a great many large American manufacturers and exporters maintain export offices in New York. These, and the many New York foreign-freight forwarders who represent over-

seas consignees, find it to their advantage to route all shipments through New York for purposes of immediate control and, in many instances, for consolidation with other shipments.

We have found that another important factor is New York's dominance as a domestic point of consumption. A large number of our clients, and others whom we have [fol. 3989] solicited, ship tremendous quantities of certain products to New York for warehousing—making distribution from such warehouses to both domestic and foreign customers.

Q. In connection with your booking space for export cargoes, has it been your experience that vessel space available at Baltimore is controlled in New York?

A. Yes. The home offices, or general agents in this country, of practically all of the steamship lines serving north Atlantic ports are in New York. The agents at Baltimore have only limited space at their disposal and available for our shipments. When there are heavy tonnage offerings at New York, the available space at Baltimore is correspondingly restricted. Space at Baltimore for certain types of cargo also is restricted unless business is bad and the steamship lines are hungry. For example, there have been instances when we had cargoes available at Baltimore which we had to move to New York in order to obtain space on vessels which called at Baltimore. It is more convenient for steamship lines to receive certain types of cargo (unboxed automobiles are a good example) at the last port of call in order to arrange for more economical stowage without affecting cargo.

In order to obtain service at Baltimore by lines not regularly serving the port, which operate to foreign areas to which Baltimore has no regular service, it is necessary for us to offer heavy tonnages as an inducement. On many occasions, we have been forced to route shipments through New York because they were not large enough to induce the vessel to call at Baltimore.

[fol. 3990] Q. In your opinion, is the port differential of importance to Baltimore's export and import commerce?

A. It is extremely important. While, with the increases in rail rates, the differential has shrunk to the point that

it is comparatively insignificant as compared to the total cost of high-grade commodities, it still is the principal factor to influence traffic through Baltimore as compared to New York. Without the differential we would have practically no selling points in competition with the many advantages the shippers can obtain at New York and there would be no inducement to draw traffic to Baltimore.

[fol. 3991] VERIFICATION

Geoffrey M. Footner, being duly sworn, deposes and says: That he is the person who made the foregoing statement, that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Geoffrey M. Footner
Geoffrey M. Footner

Subscribed in my presence, and sworn to before me, by the affiant above named, this 15th day of October 1957.

(S) Edna Brown
Edna Brown
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 3992]

I.C.C. EXHIBIT No. 76

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF
SAMUEL SHAPIRO
PRESIDENT, SAMUEL SHAPIRO & COMPANY
BALTIMORE, MARYLAND

[fol. 3993]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF SAMUEL SHAPIRO

Q. Please state your name and business affiliation.

A. I am Samuel Shapiro, President of Samuel Shapiro & Company, Inc., 11-13 Gay Street, Baltimore 2, Maryland.

Q. In what business activity is Samuel Shapiro & Company, Inc., engaged and how long have you been in the business?

A. Samuel Shapiro & Company, Inc., are foreign freight forwarders and customhouse brokers. I have been associated continuously with the business for the past 42 years.

Q. Briefly, what are the principal functions of foreign freight forwarders and customhouse brokers?

A. They function in an agency capacity for exporters and importers. Foreign freight forwarders arrange cargo space on vessels and prepare and execute for their exporter clients all necessary shipping papers and other documents. Customhouse brokers attend to all formalities necessary to the customs clearance of imports and prepare necessary shipping documents and arrange for the reforwarding of import shipments to interior consignees.

Q. Are foreign freight forwarders and customhouse brokers, and more particularly your company, competitive for midwestern business with forwarders and brokers in other ports?

A. Yes, I have found over the years of my experience in soliciting business in the midwest that the forwarders and [fol. 3994] brokers in the various ports are about as competitive within the range of their activities as are the ports themselves. In fact, competition in our line of business actually gets down to competition between the ports through which the exports or imports might move.

Q. From the standpoint of port competition, from what port or ports do you experience the greatest degree of competition for business from the midwest?

A. Our greatest competition, by far, comes from the port of New York. From my experience, the other North Atlantic ports south of New York are in about the same situation as ourselves and the port of Baltimore so far as concerns competition with New York.

Q. Are you familiar with the Atlantic port differential?

A. In a general way. I know that the freight rates on export and import traffic between Baltimore and the midwest are lower than the rates to and from New York by the amount of the differential, which is 3 cents per 100 pounds in connection with most rates.

Q. Do you consider the differential to be an advantage to the port of Baltimore?

A. Yes, to a limited extent. In fact, the differential is the only talking point that we have, but it is of value only where time is not of the essence to the exporter or importer. [fol. 3995] Q. You refer to the factor of time. Will you explain that more fully?

A. More often than not, time in transit is an important factor to an exporter or importer for various reasons. Prompt delivery of an export shipment or receipt of an import shipment often is very important to the exporter or importer for commercial reasons. Also, an export shipment, for instance, may involve heavy financing where delay or extra time in transit may run into substantial interest charges. In such instances, the exporter is disposed to forward the shipment through the port that will afford the least delay.

Q. Can you relate what you have just said to the preference of exporters and importers for the port of New York despite Baltimore's lower differential freight rates?

A. I have found from my experience that the superior steamship service at New York, coupled with the diversified foreign banking facilities at that port which permit quick liquidation of drafts, operate more than any other factors to attract traffic through that port as against Baltimore's rate differential. New York's superiority in steamship service comes not only from the more frequent sail-

ings and arrivals, but also from the fact that the great preponderance of these are direct, New York generally being the first port of call and the last port of departure of vessels that also serve other North Atlantic ports on the same itineraries. Also, New York has many liner services that do not serve any of the other ports.

[fol. 3996] Q. Do you have any further comments?

A. I might add from my experience that Baltimore's rate differential would have to be considerably greater than it is today, in my judgment, to place the port of Baltimore upon a reasonably competitive basis with New York. I say this not only because of New York's superiority in respect of steamship service and banking facilities, as well as other factors, but also because the small differential, although still of some benefit to Baltimore, does not now have the relative value that it once had. When the differential was established, and for many years thereafter, the freight rates were at a much lower level than they now are, so that the differentials in those days represented a much greater percentage of saving by shipping through the port of Baltimore than it does today. Also, the differential does not have the same force that it once had in relation to the value of the commodities shipped, which in all instances are of very much greater cost or value than they were in the earlier period of the differential, or even in intermediate periods.

[fol. 3997]

VERIFICATION

Samuel Shapiro, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) SAMUEL SHAPIRO
Samuel Shapiro

Subscribed in my presence, and sworn to before me, by the affiant above named, this 2nd day of October 1957.

(S) I. S. GOLDBERG
I. S. Goldberg

Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 3998]

I.C.C. Exhibit No. 77

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT
NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF WALTER V. CONNOR
PROPRIETOR OF JOHN S. CONNOR
BALTIMORE, MARYLAND

[fol. 3999]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF WALTER V. CONNOR

Q. Please state your name and business affiliation.

A. I am Walter V. Connor, proprietor of John S. Connor, 33 S. Gay St., Baltimore, Md.

Q. In what business activity is John S. Connor engaged and how long have you been in the business?

A. John S. Connor are foreign freight forwarders, customhouse brokers, and shipping agents. I have been associated continuously with the business for the past forty years.

Q. What are the principal functions of foreign freight forwarders and customhouse brokers?

A. They act as agents for exporters and importers. Customhouse brokers receive papers covering imported goods, arrange customs clearance weighing, sampling and repacking, and reforwarding or distribution of these imports to various consignees or to warehouse. Foreign freight forwarders arrange bookings on export vessels, direct freight from interior origins to seaboard, arrange warehousing, repacking, etc. at seaboard; see that cargo is placed on [fol. 4000] vessels and prepare necessary documents for shipping of goods to foreign destination in accordance with directions from the exporter.

Q. As a customs broker and foreign freight forwarder, do you compete with brokers and forwarders in other ports?

A. We definitely compete with freight forwarders and customs brokers in other ports and try to make our services and port facilities fit the importers and exporters needs and so attract business to the port and to ourselves. I must state, however, that the greatest competition in this business comes from the port of New York which offers so many advantages that we find it extremely difficult to compete with them.

Q. You are no doubt familiar with the Atlantic Port differential that gives Baltimore lower freight rates on im-

port and export traffic than New York. Do you consider this differential to be of an advantage to Baltimore?

A. It is an advantage but only to a limited extent. We feel that it takes very little business away from New York.

Q. What advantages do you find that New York has over Baltimore?

[fol. 4001] A. The port of New York has many substantial advantages that have developed over the years. In the first place New York has many more frequent steamship sailings than the port of Baltimore and sailings to and from many remote ports of the world that Baltimore lacks entirely. This enables an exporter to route his freight to New York at almost any time and be relatively certain of immediate shipping service to any port, while if the same shipment came to Baltimore there might be a wait of several days or more and the exporter often would not take this chance. Most of the vessels that serve Baltimore arrive at New York inbound before Baltimore, and leave from New York outbound after Baltimore so that the shortest space of time to and from foreign destinations can always be accomplished through the port of New York. Also the leading trading houses have been located in New York and weighers, samplers, and packers of import and export goods have located their facilities in that port. This combination prohibits shipping some goods from Baltimore because the traders are in New York and even if the goods were brought to Baltimore for weighing and repacking in large volume, facilities are limited at this port. In addition to this, many of the New York steamship lines control their own piers by lease and can provide free time [fol. 4002] for assembling purposes or for vessel arrival, while in Baltimore most piers are railroad owned and free time and storage are controlled by tariff regulations. Most of the leading banks are located in New York and they handle the greater percentage of all international financing. This of course is a most important factor in foreign trade because the availability of those banks in New York enables exporters to get their money more promptly. The advantage of this is apparent and would of course attract freight to New York over Baltimore. These are some of the advantages that New York has over Baltimore that I have seen often from my years of business experience.

Q. Do you have any further comments to make?

A. The loss of differential freight rates to and from Baltimore would wipe out one of our most important selling points. While the percentage relationship between the present differentials and the freight rates to the port does not result in as great a savings as it formerly did, it is still a vital consideration. As a matter of fact if the original relationship of the differential to the freight rate was re-established it would result in a greater differential in favor of the Port of Baltimore. The removal of the [fol. 4003] differential will result in a loss of traffic to the Port of Baltimore with its resultant economic injury to the entire City of Baltimore and the State of Maryland. Less cargo through the Port will lead to the curtailment of many services, including ship building and repair yards, stevedoring, tugboats, bunkering, customs brokers, foreign freight forwarders, marine surveyors, warehousing and many other allied industries. Such curtailment would tend to minimize the national defense role of the Port of Baltimore in any future emergency.

[fol. 4004]

VERIFICATION

Walter V. Connor, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) WALTER V. CONNOR
Walter V. Connor

Subscribed in my presence, and sworn to before me, by the affiant above named, this 8th day of October 1957.

(S) CHARLES M. CONNOR
Charles M. Connor
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4005]

I.C.C. Exhibit No. 78

BEFORE THE
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

VERIFIED STATEMENT OF
NORMAN R. WITTKAMP, PRESIDENT
INLAND SHIPPING CO.

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney (Donald Macleay, Commonwealth Building, 1625 K Street, NW, Washington 6, D. C.) not later than ten (10) days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 4006] BEFORE THE
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

TESTIMONY OF NORMAN R. WITTKAMP

Q. Please state your name, business connection, and address.

A. My name is Norman R. Wittkamp. I am President of Inland Shipping Company and I am also President of Inland Forwarding, Inc. My address is 900 S. Wells Street, Chicago, Illinois.

Q. How long have you been President of Inland Shipping Company, and what previous experience did you have in the transportation business?

A. I have been President, and sole stockholder of Inland Shipping Company since 1953, having been one of its original organizers in 1949, and connected with its operations in an executive capacity from the time it went into operation, in 1950, pursuant to permit issued by the Interstate Commerce Commission in its Docket No. FF-201. Prior to that, from the time I left the Navy in 1945, I was employed for four years by Acme Fast Freight, a nation-wide freight forwarder, as a freight solicitor, where a large part of my activities were in connection with the solicitation of freight moving to the ports for export.

Q. Please describe Inland Shipping Company, and its operations.

A. Inland Shipping Company is authorized by its permit to operate in interstate commerce, as a freight forwarder of commodities generally, from points in Michigan, Ohio, [fol. 4007] Kentucky, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, and Omaha, Nebraska, to Baltimore, Maryland, for export. Our operations, therefore, are primarily from what is usually termed Differential Territory, in the movement of export freight to the Port of Baltimore. We are not authorized to operate to any other port. From the first, we have been the only forwarder loading regularly scheduled export cars for movement to Baltimore. The other forwarders operating from the same territory to Baltimore normally combine what export traffic they may have with their domestic traffic. On the other hand, several of them load regularly scheduled export cars to other ports—notably to New York. There also are export cars loaded to New Orleans.

Although our principal operation is loading cars from Chicago, where we first commenced operations, we now also load cars from four other assembly points—Cincinnati, Columbus, and Toledo, Ohio, and Indianapolis, Indiana. The Cincinnati operation started in late 1952, the Columbus operation in 1955, and the Toledo operation in 1956. The Indianapolis operation began in September of 1957.

Q. Please describe briefly the rate structure under which you operate, with particular reference to your differential under the rates applicable to New York in export traffic moving to the port in forwarder service.

A. Like freight forwarders generally, our rates initially were the same as the rail l/c/l rates, with the result that we commenced operation to Baltimore with rates 3¢ per 100 lbs. less than the rates of the forwarders who consolidate cars for New York. With that slight rate advantage it was a very difficult matter to develop export traffic for movement through Baltimore. During our first full year of operation, 1951, we loaded only 40 cars.

In 1952, we did not take the general increase in rate provided for the raliroads in Ex Parte 176, with the result that since that time our rates have been something more [fol. 4008] than the former 3¢ under those to New York. At the present time, with the other increases applied, our 4th Class rate from Chicago to Baltimore, for example, is about 10% under that to New York.

Q. What effect has that widening of the differential had upon your ability to compete for traffic as against New York?

A. Even with this added cost incentive to the shipper, consolidated cars of forwarder traffic moving to Baltimore for export, constitute only a small fraction of the number moving to New York.

The marked difference is clearly shown by the traffic studies of the railroads which have been or are being put in evidence in this case. Those show that a total of 50,576 tons of forwarder traffic moved from Differential Territory to the Port of New York for export during the period August, 1955—July, 1956, inclusive. During the same period there was moved from that territory to the Port of Baltimore for export only 5,242 tons of forwarder traffic (285 cars—most of which, I believe, were ours). Thus, from Differential Territory nearly ten times as much forwarder traffic moved for export through New York as through Baltimore—despite the differential in rates, and despite intensive and vigorous solicitation efforts on our part.

Q. Are you in direct charge of the solicitation activities of Inland Shipping Company?

A. Yes. In addition to overall direction of the company, I am in direct charge of the sales activities and spend the greater amount of my time in active solicitation.

Q. Do you, as a part of your sales effort, conduct a continuing investigation into reasons why many shippers use the Port of New York for their export shipments, rather than the Port of Baltimore, in spite of the saving in inland freight rate available to the latter?

A. Yes. We do our best to learn why we do not receive certain traffic, in order to try to overcome whatever may be the reason.

[fol. 4009] Q. How do you obtain such information, and are you familiar with at least some of those reasons?

A. From my own direct contacts with the shippers and from the reports which I receive regularly from our salesmen, I am only too familiar with the factors which influence the large proportion of this traffic through the port of New York, making it impossible for us to obtain it for movement to Baltimore for export even with our rate differential.

Q. Please describe some of those factors, as they have come to your knowledge in the course of your solicitation efforts and investigations.

A. Those factors are many and powerful. Probably the most important is the matter of frequency of ocean service and direct ocean sailings to the foreign ports. The reason shippers most often give us for not using our services to Baltimore is that time in transit is such an important element in the movement of their shipments that they must use the Port of New York, even at a higher inland rate, in order to obtain "express" steamer services. The most striking illustration of the force of this service element is found in those few instances where the ocean service out of Baltimore approximates that out of New York. The principal example is that service via the Bull Line from Baltimore to Puerto Rico is *direct*, with a sailing every week. It is not as frequent as the service from New York, of course, but it is not subject to the delays incident upon serving other North Atlantic ports outbound after Baltimore. Consequently, the movement of traffic destined

to Puerto Rico is by all odds our most important business—constituting nearly one-half of the total traffic which we move to that port.

In addition to the factor of direct as contrasted with indirect service, there is the important factor of available service to more foreign ports from New York than from Baltimore. Many shippers desiring to reach a variety of foreign destinations prefer to send all of their shipments through New York in order to concentrate all of their business at one port.

[fol. 4010] Many shippers are directed by their customers to ship to New York—particularly where the customer maintains its own export offices in New York and wants to handle the freight through that port in order to have better control of its movement, and in order to consolidate with other freight moving to the foreign destinations. This factor is also very important where the exporting is being done by purchasing agents and commission houses in New York who accumulate shipments from many parts of the United States and consolidate them for shipment abroad.

Many shippers have advised us that they prefer to use the Port of New York because of its superior banking facilities (in fact some have informed us that their letters of credit specify New York), superior consular services, etc.

Several shippers have advised us that they prefer to use the Port of New York because there the steamship companies own or lease their own pier space, which makes it possible for the shipper to obtain advantageous storage arrangements in the event a shipment is delayed. At Baltimore, on the other hand, the piers are owned by the railroads and storage charges are automatically applied after the expiration of the specified free time.

Q. Now, please describe the other concern of which you are President, Inland Forwarding, Inc.

A. Inland Forwarding, Inc. is a foreign freight forwarder which was set up to provide the usual services of such concerns to those of our shippers who did not have their own foreign freight forwarder arrangements at Baltimore. We have found that in many instances it has been

possible through close coordination of the foreign freight forwarder functions with the carloading operation to provide better service to the shipper.

Q. Does that company provide such services at any other port?

A. Yes. Because of the limitation of our permit, we naturally are primarily concerned with moving all traffic possible through the Port of Baltimore. Even so, we have [fol. 4011] found it necessary to extend our foreign freight forwarder operations to the Port of New York in order to provide those services for some of our regular shippers who are required by service considerations such as those I described above to route a part of their traffic through New York. A few months ago, similar considerations required us to extend our foreign freight forwarder operations to the Port of New Orleans.

Q. What future do you see for your business in the event you should be deprived of the use of differential rates under those applicable on traffic moving to New York?

A. We are convinced that with a continuation of the system of rate making which permits us to give our shippers the benefit of Baltimore's proximity, we can continue to obtain a modest amount of high-grade general cargo for export through that port. We are equally convinced that if we are not able to offer our shippers that saving in cost, there will be no possibility of continuing to obtain sufficient export traffic of that type for movement through Baltimore to permit us to continue to load cars with the frequency that is essential if we are to maintain our operation.

The one advantage to the shipper in using the Port of Baltimore is the saving in inland freight charges occasioned by Baltimore's being closer to most of this inland territory. Without such a recognition of Baltimore's geographical advantage there certainly would be no reason for a shipper to use that port for the type of high-grade traffic usually moved in consolidated cars. The day that we are required to charge the same or even approximately the same rate as is charged by forwarders loading cars for New York we must obtain authority to operate to New York or go out of business.

[fol. 4012]

VERIFICATION

State of Illinois)
) SS:
County of Cook)

NORMAN R. WITTKAMP, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: N. R. WITTKAMP (SEAL)

Subscribed in my presence and sworn to before me by the affiant above-named this 11th day of October, 1957.

s/ MERRILL E. NIELSEN
Notary Public

My Commission Expires April 7, 1959

(SEAL)

[fol. 4013]

I.C.C. Exhibit No. 79

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF A. B. SUMMERS
TRAFFIC MANAGER, THE EVEREDY COMPANY
FREDERICK, MARYLAND

[fol. 4014]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF A. B. SUMMERS

Q. Please state your name and your business affiliation.

A. My name is A. B. Summers and I am Traffic Manager of The Everedy Company, manufacturers of household specialties at Frederick, Maryland.

Q. Will you outline in a general way the articles which your company produces.

A. The products consist of a variety of household utility articles including skillets, griddles, fryers, potato bakers, dutch ovens, barbeque items, serving trays and various kitchen tools.

Q. Does your company export any of its products?

A. Yes, it exports various of these items.

Q. Through what ports do your exports move?

A. Our export shipments go through the ports of Baltimore and New York. About 75 per cent of these go through New York.

Q. Under what circumstances do your export shipments go through each of the two ports you have named?

[fol. 4015] A. The export shipments that go direct to a foreign account are made through the Port of Baltimore. The bulk of our exports, however, are sold to New York firms who export the items from New York. The majority of such exporting firms are located in New York. The firms to which we sell pay us direct and handle all of the export paper work.

Q. Will you please state the mode of transportation you use to the ports, the freight charges or rates, and who bears the charges.

A. We use truck service because the time element in meeting sailings is important. There are three different freight rates to each of the ports depending both upon the articles shipped and whether or not they are nested. The

appplicable rates are $2.75, $2.37 and $2.01 to New York, and $1.96, $1.70 and $1.45, respectively, to Baltimore. The differences in favor of Baltimore are 79 cents, 67 cents and 56 cents.

[fol. 4016]

VERIFICATION

A. B. Summers, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) A. B. Summers
A. B. Summers

Subscribed in my presence, and sworn to before me, by the affiant above named, this 12th day of October, 1957.

(S) Henry N. Lochner
Henry N. Lochner

Notary Public, State of Maryland
My Commission expires 5/4/59.

SEAL

[fol. 4017]

I.C.C. Exhibit No. 80

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF VICTOR F. STINE
PRESIDENT, PANGBORN CORPORATION
HAGERSTOWN, MARYLAND

[fol. 4018]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF VICTOR F. STINE

Q. Will you please state your name and your business affiliation.

A. I am Victor F. Stine and am President of Pangborn Corporation, Hagerstown, Maryland.

Q. What is the business of Pangborn Corporation?

A. Pangborn Corporation manufactures blast cleaning and dust control equipment which is used throughout industry in the production of end products.

Q. Does your company export any of its products?

A. Although a large percentage of our production is sold in domestic markets, some of it is sold for export, principally to Europe and to a lesser extent to South America. Our export shipments will average about two per month, ranging in weight from 1 ton to 30 tons.

Q. How are your export sales made?

A. Our products for export are sold through brokers who specify the port of exit.

Q. Through what port or ports do these exports move?

A. About 90 per cent of our exports go through New York on instructions of the brokers. The remainder goes through Baltimore.

[fol. 4019] Q. Do you have any further comments?

A. Our sales are made on a FAS (Free Along Side) basis and we pay the freight charges to the port of exit. We would prefer, therefore, to ship through the port of Baltimore to which the freight rate is less than to New York. Most of our shipments are knocked down, in sections, crated, in less-carloads on which the rates are $2.25 per 100 pounds to New York and $1.52 to Baltimore. However, to make competitive sales for export, we have to conform to the wishes and practices of the brokers, who are located in New York. Also, time is usually of the essence

and when a shipment is ready we must get it to shipside as quickly as possible. There are more steamship sailings from New York which expedites delivery to the foreign buyers.

[fol. 4020]

VERIFICATION

Victor F. Stine, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Victor F. Stine
Victor F. Stine

Subscribed in my presence, and sworn to before me, by the affiant above named, this 8th day of October 1957.

(S) Blaine H. Duey
Blaine H. Duey
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4021]

I.C.C. EXHIBIT No. 81

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF J. V. JAMISON, 3rd
PRESIDENT, JAMISON COLD STORAGE DOOR COMPANY
HAGERSTOWN, MARYLAND

[fol. 4022]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF J. V. JAMISON, 3rd

Q. Please give your name and your business connection.
A. My name is J. V. Jamison, 3rd. I am President of Jamison Cold Storage Door Company, Hagerstown, Maryland, manufacturers of cold storage doors and hardware parts.
Q. Does your company sell its products for export?

A. Yes, our company exports cold storage doors regularly to various foreign countries, principally in South America and the Far East. It also exports small quantities of hardware principally to Switzerland. Our exports amount to around 135 tons annually and are shipped mostly in small or less-carload type lots.

Q. Will you please describe how your export sales are made and through what port or ports these are shipped?

A. A large percentage of our export orders originate with the foreign purchasers. Other orders are received from large corporations in this country which either have extensive foreign bases, such as oil companies, or are manufacturers of refrigeration equipment who consolidate all shipments in a warehouse near the piers, principally at New York. Also, the U.S. Government is using our products in its foreign operations and controls the transportation. The selection of the port of exit is done by our customer in practically all cases, and approxi-
[fol. 4023] mately 95 per cent of our export shipments are sent to New York area for forwarding. Most of these move in motor carrier service and our company pays the inland freight. The majority of our shipments are of less-truckload quantities, strap crated, on which rate from Hagerstown to New York is $2.14 per 100 pounds as compared with $1.56 to Baltimore.

Q. Is there anything you can add to what you have said?

A. I might add that in the relatively few instances in which we exercise the option as to the port of exit, we usually ship via New York because of (a) frequency of steamship sailings, (b) banking connections and (c) the location there of exporters with whom we have had previous business.

[fol. 4024]

VERIFICATION

J. V. Jamison, 3rd, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and

correct to the best of his knowledge, information and belief.

(S) J. V. JAMISON, 3rd
J. V. Jamison, 3rd

Subscribed in my presence, and sworn to before me, by the affiant above named, this 3rd day of October 1957.

(S) NAOMI J. WEDDLE
Naomi J. Weddle
Notary Public, State of Maryland
My Commission expires 5/4/59

SEAL

[fol. 4025]

I.C.C. EXHIBIT No. 82

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N. W., Washington, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT
NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF ROBERT M. PILSON,
TRAFFIC MANAGER
ANCHOR POST PRODUCTS, INCORPORATED
BALTIMORE, MARYLAND

[fol. 4026]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS.

VERIFIED STATEMENT OF ROBERT M. PILSON

Q. Please give your name, business connection and duties.

A. My name is Robert M. Pilson. I am Traffic Manager of the Anchor Post Products, Inc., manufacturer of chain-link fencing at Baltimore. As Traffic Manager, I am in charge of the traffic and transportation activities of the company.

Q. Is any of the company's product sold in the export market?

A. Yes, some of this product is sold for export. The major portion of the exports is sold to companies who export the fencing to South America and to a less extent to Caribbean areas. The Federal Government also purchases some of this fencing for shipment out of the country and these purchases may go through any port as directed by the Government, such as Baltimore, Hampton Roads, or New York.

Q. Now, with respect to your commercial exports, how are these sold and through what ports do they move?

A. A large share of the company's exports is sold to companies who, as stated, export the fencing to South [fol. 4027] America and the Caribbean. The companies do their own processing of paper and documents and designate the port of exit, which in almost all instances is the port of New York. About 60 to 70 per cent of the company's commercial exports are sent to the port of New York by direction of the purchasers. Some of our exports go through the port of Baltimore. This is where the purchaser does not direct routing, and steamship service is available. On some such occasions steamship service has not been readily available at Baltimore, requiring that shipments be forwarded to New York.

Q. How are the export shipments forwarded to New York and who bears the inland freight charges on the shipments?

A. Shipments are forwarded by rail where the quantity of the shipment is sufficient and the time element permits. Where quick delivery must be made, truck service is used. There have been a number of instances where purchasers have ordered less-carload or less-truckload quantities to designated steamship piers at New York, as available rather than by a specified time, to be accumulated into quantities for export. The purchaser pays the inland freight.

[fol. 4028] Q. What are the inland rates from your plant to piers at New York and Baltimore?

A. The truckload rate to New York is 43 cents per 100 pounds in Zone 1 and 45 cents in Zone 2, with a 23,000 pound minimum, and the carload rate is 44 cents, 40,000 minimum, and 39 cents with an 80,000 pound minimum. These rates amount to $8.60, $9.00 and $7.80, respectively, per net ton. They are depressed due to competition between the rails and the trucks. At Baltimore both truck and rail service is used. The local truckload rate from the plant to piers at Baltimore is 25 cents per 100 pounds, or $5.00 per net ton, minimum weight 23,000 pounds. The local rail rate to piers at Locust Point and Port Covington is $2.46 per net ton, minimum 40,000 pounds. The rate to Canton piers is $1.05 per net ton, minimum 40,000 pounds.

[fol. 4029] VERIFICATION

Robert M. Pilson, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Robert M. Pilson
Robert M. Pilson

Subscribed in my presence, and sworn to before me, by the affiant above named, this 7th day of October 1957.

(S) J. V. Biden
J. V. Biden
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4030]

I.C.C. EXHIBIT No. 83

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT
NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF C. GILBERT KAPPEL,
TRAFFIC MANAGER
THE NATIONAL PLASTIC PRODUCTS COMPANY
ODENTON, MARYLAND

[fol. 4031]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT
NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF C. GILBERT KAPPEL

Q. Please state your name, your business connection and location, and your duties.

A. My name is C. Gilbert Kappel. I am Traffic Manager of The National Plastic Products Company, Odenton, Maryland. Odenton is located on the Pennsylvania Railroad between Baltimore and Washington, about 18 miles

from Baltimore. I have been in the employ of National Plastics about six years and my duties include the routing or billing of freight shipments.

Q. What is the business of your company?

A. The National Plastic Products Company manufactures various plastic materials and products, including plastic sheet material used for surfacing furniture, etc., and for vertical wall surfacing; filament thread; synthetic resin powder; and various other plastic products such as luggage handles, tassels, and Saran fibre which is used in the manufacture of such products as seat covers, upholstery and window screening.

Q. Does National Plastic export any of its products?

A. Yes, the company ships some of its products regularly for export to all principal trade areas of the world, in- [fol. 4032] cluding Northern Europe, the Mediterranean, South Africa, South America and the Far East. The principal product exported is plastic sheet material. Other exports are filament (thread) on spools, synthetic resin powder, and some moulded products in small quantities. The filament goes principally to Europe and the resin powder to Israel.

Q. Through what ports do your exports move and to what extent?

A. Approximately two-thirds of the company's exports go through the port of Baltimore and the balance through New York. The exports through New York consist principally of plastic fibres.

Q. Can you explain why some of your exports go through the port of New York?

A. Our exports through New York are controlled by the foreign freight forwarders designated by the foreign customers. These forwarders, located in New York, order the shipments sent to that port. Factors that enter into the use of the port of New York are frequent steamship sailings and more adequate world port coverage as compared with Baltimore.

Q. Please state the mode of transportation employed for the inland movements, and the inland freight costs and by whom they are borne?

A. The shipments to New York are sent by truck and the inland freight charges are billed to the brokers either by National Plastics or by the motor carriers. The for-
[fol. 4033] eign customers deposit funds with the New York brokers to cover various charges, including the inland freight. The truck rates from Odenton to New York vary depending upon the weight of the shipments, and on plastic fibres are $2.16 per 100 pounds on shipments under 2000 pounds, $1.84 on shipments from 2000 to 6000, and $1.63 on shipments weighing over 6000 pounds. I may add that the movements to New York are irregular, amounting to several shipments each month. Exports through the port of Baltimore are delivered to the piers free of charge by company trucks.

[fol. 4034]

VERIFICATION

C. Gilbert Kappel, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) C. GILBERT KAPPEL
C. Gilbert Kappel

Subscribed in my presence, and sworn to before me, by the affiant above named, this 7th day of October 1957.

(S) LEONARD V. KLEIN
Leonard V. Klein
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4035]

I.C.C. Exhibit No. 84

Before The

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF E. ARCH SEIDL

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, NW, Washington 6, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 4036]

Before The

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF E. ARCH SEIDL

Q. Please state your name and address.

A. My name is E. Arch Seidl. I reside at 5401 Purlington Way, Baltimore 12, Maryland.

Q. What is your present business connection?

A. I am retired after spending 25 years in the steamship business and various other activities connected with shipping.

Q. What offices of a public or quasi-public nature have you held?

A. I was President of the Steamship Trade Association of Baltimore from 1946 to 1949, and am also a past-president of the Traffic and Transportation Club of Baltimore. I have been Vice President of the Baltimore Association of Commerce, Chairman of its Import and Export Executive Committee, and a member of various other committees which deal with Port activities. I was a member of the Harbor Advisory Board of the Mayor's Committee, and of various committees on shipping of the Baltimore Chamber of Commerce; and was Chairman of the local chapter of the Transportation Association of America.

Q. What has been your past experience in the shipping business in Baltimore?

[fol. 4037] A. I was active in the steamship business during the period 1917-1932, and again during the period 1942-1955. During the first of those periods I was connected with the Blake Line and with Oriole Lines, which operated between Baltimore and ports in the United Kingdom, particularly Manchester, Liverpool and Glascow. I was traffic manager of Blake Line and was Vice President of Oriole Lines, with the particular responsibility of soliciting and obtaining traffic. After ten years in other enterprises, I returned to the steamship business in 1942 with Dichmann, Wright & Pugh, Inc., and was Vice President of that concern until 1955, when I retired. Dichmann, Wright & Pugh is agent for many of the lines which operate to and from the Port of Baltimore. My principal responsibility was that of agent for the vessels of our principals, and, together with the rest of the Staff, endeavoring to secure business for their ships.

Q. Please describe Blake Line and Oriole Lines, and their operations, in a little more detail.

A. The Blake Line was organized in March, 1919, for the purpose of operating five United States Government ships then owned by the United States Shipping Board in Washington, in an effort to establish a direct service from

Baltimore and Norfolk to Manchester, England. This operation continued under that name until the spring of 1923 when the venture was absorbed by the Consolidated Navigation Company which was brought into being by the Shipping Board to take in under one management the Blake Line, the Baltimore Steamship Company and the Export Transportation Company. These vessels were then operated under the trade name of the Oriole Lines to the West Coast of the United Kingdom ports, and during the nine years we handled them there was an average of about nine ships in the fleet. Obviously, much effort was spent in the efforts to get the Oriole Lines sailings out of Baltimore and Norfolk fully loaded, which was rarely the case. During the last [fol. 4038] half of the 1920's and early 1930's we were obliged to finish loading wherever we could get additional cargo, sometimes Philadelphia, sometimes New York and sometimes Boston. During the fall of 1931 the Government decided to divest itself of many of the lines which they were operating through managing agents, such as ourselves, and because of general economic conditions at the time we did not make a bid on the vessels and retired from the business in June, 1932. Later on the Oriole Line ships were allocated to the United States Lines of New York.

Q. During that period were you active in solicitation of traffic in what is known as Differential Territory?

A. Yes. From 1918 to 1932 I spent considerable time and effort soliciting traffic to and from that area through the Port of Baltimore. In that connection I travelled extensively through that territory and interviewed hundreds of shippers, actual and prospective.

Q. In connection with those solicitation efforts did you learn of causes which influence traffic through the Port of New York, as against Baltimore, despite the existence of a more favorable inland rate structure to and from the latter port?

A. Yes. It was a major part of my job to know what we were up against—what were the principal factors which influenced traffic away from Baltimore—and to attempt to offset those influences to the best of our ability in order to attract a reasonable share of the traffic through Baltimore and to the ocean services which I represented.

Q. Please describe some of those factors which you found influenced traffic away from Baltimore and through New York.

A. One of the most important factors was the concentration in New York of the control of the routing of shipments. [fol. 4039] Many large concerns maintain their export-import offices in New York, and many others have close connections of long-standing with New York brokers and foreign freight forwarders. Frequently these agencies desire to concentrate all of their shipments in the Port of New York in order to arrange for consolidation, and to maintain close supervision over the movements. So far as the foreign freight forwarders in particular are concerned, there is the added factor that when they arrange for movement of the traffic of their clients through "out-ports", it is necessary for them to divide their fees with those whom they must employ at the out-ports to service the shipments. There are other considerations. The average Midwest shipper engaged in export trade is represented by such a broker or forwarder in New York. The broker arranges for space on vessels, checks the transshipment in New York harbor, takes care of documentation, looks after marine insurance, deposits the marine bill of lading in a metropolitan bank, and renders sundry other services. Most important of these, he entertains foreign customers when the latter come to this country. Hence the shipper is loath to give up this service, even at a saving in freight rates through Baltimore.

The matter of variety and frequency of ocean service has a powerful drawing effect, as has the corollary factor of direct ocean service. A shipper is inclined to concentrate his shipments at the port where he can obtain expedited service to the widest variety of foreign ports.

Q. Does the matter of terminal facilities enter into a shipper's choice of ports?

A. Yes. It should be pointed out that as a result of not obtaining a large share of general cargo, Baltimore has not been in a position to provide modern, well-equipped, highly-efficient, general cargo terminals—which, in turn, has acted as a further deterrent to its use by shippers of high-grade cargo.

[fol. 4040] Q. During that period following World War I, were there other efforts made, to your knowledge, to re-establish Baltimore's former direct services to foreign ports?

A. Yes. In addition to Blake Line and Oriole Lines with which I was connected, there was the Braven Line which instituted direct operations between Baltimore and South America in about 1929, but which lasted only a couple of years. There was also the Baltimore Mail Line which operated between Baltimore and Hamburg, Bremen, etc. from 1931 to 1938. These met the same fate as Blake Line, and obviously for the same reasons.

Q. Have you been connected with an even more recent attempt to reestablish such direct service?

A. Yes. In 1953, Dichmann, Wright & Pugh acted as agent at Baltimore for Fjell Line which instituted a direct service between Baltimore and Rotterdam, Amsterdam, and London. After strenuous efforts, and the expenditure of considerable funds, this enterprise was abandoned when it became evident that the drawing power of the Port of New York for general cargoes was too great to permit continuation of direct service from Baltimore to that area.

Q. Now will you please describe Dichmann, Wright & Pugh, Inc. and its business?

A. Dichmann, Wright & Pugh, during my connection with the Company, acted as operator of ships for the United States Government and as agent for many owners of vessels serving Baltimore. Some of these were American owners with headquarters in New York and many were owners of foreign flag vessels with headquarters in various parts of Europe. For the latter we handled the ships through their General Agents in New York. Our Company, while local agent for the handling of the ships' interests while in port, quite naturally was expected to secure business for the lines. Our bookings of cargo for each ship [fol. 4041] were under the direct instructions of the home office or General Agent in New York. The specific arrangements varied. In some instances we were allotted a certain amount of space on the vessel, which we could book without specific clearance from New York. Beyond that amount of space it was necessary for us to obtain authorization from

New York for each booking. In other cases we were permitted to book, advising New York immediately of each booking, until New York told us to stop.

Q. Were there instances when you had offerings of cargo at Baltimore which you were not permitted by the New York office to book, while there still remained actual space on the vessel?

A. Yes. There were many instances in which New York would reserve large amounts of space for their cargo which, of course, we were not permitted to use at Baltimore.

Q. Was the space available to you at Baltimore dependent upon the demand for space at New York?

A. Yes, that would naturally follow.

Q. Does the differential rate adjustment play an important part in attracting export-import traffic through the Port of Baltimore?

A. It certainly does, particularly in the case of low-grade, low-value, low-rated commodities, such as those which move in bulk—either in full vessel lots or in parcel lots in liner vessels. In my opinion its was the existence of Baltimore's geographical advantage with relation to the Midwest as partially reflected in that differential, that was responsible for the growth of Baltimore as a bulk cargo port, and it is the saving in inland freight rate that is the main factor which operates to draw general cargo through Baltimore as against New York.

[fol. 4042] Q. In your opinion would the export-import traffic of the Port of Baltimore be materially effected by the establishment of equal inland rates to and from New York?

A. It certainly would. Without some benefit to the shipper from Baltimore's proximity to the interior there would be no incentive to move general cargoes through Baltimore. At the present time there is a certain amount of general cargo, not requiring expedited transit, or moving to or from some of those very few foreign areas where Baltimore has service comparable to the Port of New York, which makes it attractive to the shipper to use Baltimore and effect a modest saving. Without the modest saving the superior facilities and service of New York would draw every pound of it.

In my opinion, elimination of the differential also would have a seriously adverse effect upon Baltimore's low-grade bulk traffic. For the moment, Baltimore's excellent facilities for the handling of such commodities as grain and ore doubtless would continue to attract considerable quantities of that type of traffic. Without some saving to the shipper, however, it would not be long until the diversion to other ports would become serious. Other ports, having a distinct ocean advantage over Baltimore, would be influenced to increase and improve their facilities; and pull of lower-cost ocean service would be felt. In the operation of ocean-going vessels, time really is money. Their operation, maintenance and capital cost are very high—amounting on the average to about $2,000.00 to $4,000.00 a day—and no ship operator in his right mind is going to encourage his shipper to offer him cargo at Baltimore if the shipper at no additional cost, can make it available to him at a port which involves several days less steaming time.

[fol. 4043]

VERIFICATION

E. ARCH SEIDL, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

s/ E. ARCH SEIDL
E. Arch Seidl

Subscribed in my presence, and sworn to before me, by the affiant above named, this 14th day of October, 1957.

Mary Celeste Barlow
Notary Public, State of Maryland

My Commission expires May 4, 1959

SEAL

[fol. 4044]

I.C.C. EXHIBIT No. 85

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K St., N.W., Washington 6, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

BEFORE

THE

INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

Equalization of Rates at North Atlantic Ports

VERIFIED STATEMENT OF C. E. CHILDE, TRANSPORTATION CONSULTANT.

October 18, 1957

[fol. 4045]

Before The

Interstate Commerce Commission

I. & S. Docket No. 6615

Equalization of Rates at

North Atlantic Ports

VERIFIED STATEMENT OF C. E. CHILDE, TRANSPORTATION CONSULTANT.

My name is C. E. Childe. I am a transportation consultant with office and residence in Cambridge, Md. My experience in transportation has extended over more than 50 years, as railroad employee, industrial traffic manager, manager of traffic bureaus of chambers of commerce and shippers' organizations, and transportation consultant. I have been a practitioner before the Interstate Commerce Commission for more than 40 years. In 1926-28 I was president of the National Industrial Traffic League, a national organization of shippers. From 1935 to 1940 I was Chairman of the Traffic Committee of the Mississippi Valley Association, an organization devoted to the transportation and economic development of the Mississippi Valley states. In 1941 I was appointed by President Roosevelt a member of the Transportation Board of Investigation and Research, created by the Transportation Act of 1940 to study and report to the President and Congress on the relative economy and fitness of carriers by railroad, highway, and water, for development into a national transportation system adequate for commerce, the postal service, and the national defense. This Board also made studies and reports on the national freight rate structure [fol. 4046] and relation of rates to costs. After the termination of that office in 1944, I served for a year as Transportation and Economic Consultant of the Senate Small

Business Committee, during which time I made a report (published as Senate Committee Print No. 14, 79th Congress, 2nd Session), entitled *Transportation Program for Small Business.* In 1949, I was consultant to Secretary of Commerce Sawyer, collaborating in the preparation of his report to the President, December 1, 1949, entitled *Unified and Coordinated Federal Program for Transportation.* In 1950, I served as Chairman of the Transportation Committee of the President's Water Resources Policy Commission. Since 1946, I have made transportation surveys, traffic, rate, and cost analyses, and economic studies of transportation and marketing for private clients and government agencies, including the Departments of Commerce and Agriculture, and U. S. Army Engineers.

I have had occasion in the past to make a number of studies of United States foreign trade and transportation. In the present proceeding I have made a study for the Maryland State Port Authority, of export and import traffic through North Atlantic ports and have prepared a number of exhibits dealing particularly with the development and commerce of northeastern United States, east of the Mississippi River and north of the Ohio River-Virginia-Carolina boundaries.

Differences, or differentials, in railroad freight rates have prevailed between points in the above-named territory and North Atlantic ports virtually since the beginning of rail transportation, with lower rates to and from Baltimore and Philadelphia than between New York and Boston and the interior territory. That has been true as to domestic, as well as export and import rates. Originally the railroads maintained the same levels on domestic as on import-export traffic to and from the North Atlantic [fol. 4047] ports. It was not until domestic rates were revised by orders of the Interstate Commerce Commission, widening the differences in the Baltimore and Philadelphia rates below New York, starting around the time of the First World War, that export-import rate relationships were made different from domestic rates. When the domestic rates were revised, the preexisting differentials were maintained on export-import traffic. They were, with some minor exceptions, 3 cents per hundred pounds, Baltimore

under New York, except on export grain they were 1½ cents per hundred pounds. The history of these differentials has been dealt with by other witnesses in this proceeding. It will suffice here to point out that the 3-cent differential established in 1876 applied originally on grain as well as other commodities, and prior to that time higher differentials were in effect, ranging up to 10 cents per hundred pounds.

Since the 3-cent differential was established in 1876, vast changes have occurred in economic and transportation conditions in the United States. My testimony will deal with the changes in population, occupational patterns and the growth of manufacturing and exports and imports during the period.

My exhibit, marked X-1, shows the population of continental United States as a whole and by census regions, and individual states in the northeastern part of the country, from 1790 to 1950. It will be observed that in the first census, of 1790, the entire population was in New England and the Atlantic Seaboard states, which then extended as far south as Georgia, and the East South Central area which then consisted of Kentucky and Tennessee, with about 3 million people in New England, the Middle Atlantic states—New York, New Jersey, and Pennsylvania—and the South Atlantic states—Virginia, Maryland, and Delaware, and about an equal division of a million people in each of these three groups. Virginia was the most populous state, with 747,000 people; Pennsylvania was second, with 434,000; North Carolina, which is not sepa-
[fol. 4048] rately shown in the exhibit, was third with 394,000; Massachusetts was fourth with 379,000; New York fifth with 340,000, and Maryland sixth with 320,000.

In the 1800 census, the first count was made of people in the East North Central states, with 45,000 in Ohio and 5,000 in Indiana. Virginia kept in first place with 880,000; Pennsylvania second with 602,000, and New York advanced to third place with 589,000. By 1820, New York had risen to first place, with 1,373,000, and has remained first in population ever since. A notable feature of the 1820 and succeeding censuses was the growth of New York at a more rapid pace than any other state, and of the East

North Central region, with Ohio leading, at a growth rate rivaling New York's. By 1840, the East North Central area went ahead of New York, and by 1870 it ran ahead of the Middle Atlantic region, and has had a neck-and-neck growth with the Middle Atlantic since that time.

The expansion of population has been intimately related to the development of transportation along the seaboard and in the interior. The original settlements were mainly along the coast and the navigable coastal rivers, because the only cheap and dependable transportation was by water. The population was supported by agriculture, forestry, and seafaring, with a small amount of manufacture and shipbuilding along the seacoast. Boston, New York, Philadelphia, and Baltimore were the principal markets and points of supply for the interior. Communication between seaboard and the interior was overland by wagon or horseback or foot to the Great Lakes and the Ohio and Tennessee rivers. The high cost of that transportation forced the early settlers of the interior to look to New Orleans and Montreal as cheaper sources of supply by water, and stimulated building of canals, and later railroads, between New York, Philadelphia, Baltimore and the rapidly growing inland areas east and west of the Alleghenies. The completion of the Erie Canal to Buffalo in 1825 gave New [fol. 4049] York a tremendous advantage over the rival cities of Philadelphia and Baltimore, both by opening up the fertile valleys of interior New York to rapid settlement and by providing the main, and by far the cheapest, route for the transportation of passengers and freight into Ohio and beyond. Even before the Canal was finished to Buffalo, merchants of Philadelphia found it cheaper to ship by water to Albany, and thence by Canal to Central New York, and from there by wagon to Pittsburgh, than to route the freight directly overland from Philadelphia to Pittsburgh. Thus New York City became firmly established as the country's largest city, largest port, and largest center of manufacturing and trade, and its leadership in these respects has constantly increased in the subsequent years of our history.

Philadelphia and Baltimore, and the governments of Pennsylvania and Maryland, tried to meet the challenge

of the Erie Canal; first by building a number of canals toward the west, none of which succeeded in penetrating the barrier of the Appalachian Mountains, and all of which, with minor exceptions (such as the Chesapeake and Ohio Canal from Washington to Cumberland, Md.) were abandoned when the early railroads proved their superiority over the shallow, artificial waterways as a mode of transport. The Baltimore & Ohio Railroad, with Baltimore as its eastern terminus, was the first to reach the Ohio River; and the Pennsylvania Railroad, from Philadelphia to Pittsburgh, followed soon thereafter. The Erie and New York Central lines were built from New York to the west, and succeeded in wresting most of the traffic from the Erie Canal. By 1860, a network of rail lines extended from New York, Boston, Philadelphia, and Baltimore throughout the East North Central states from Ohio westward to Illinois and the Mississippi River. Competition of the Baltimore & Ohio, with Baltimore as its eastern terminus and port; the Pennsylvania, with Philadelphia; and the New York Central and the Erie, with New York as their eastern [fol. 4050] termini, with each railroad trying to attract the largest possible volume of both domestic and export-import traffic between its eastern terminus and the west, led after a series of rate wars and arbitrations, to agreements upon the maintenance of differential rates to and from Philadelphia and Baltimore lower than to and from New York and Boston, on traffic originating or terminating west of Buffalo and the Alleghenies. Each city had, in the area east of the differential territory boundary, rates related to the length of haul. That pattern of rates remained in effect on both domestic and export-import traffic until the Commission revised the domestic class rates and rates related thereto on a distance basis to and from the entire territory east of the Mississippi River, and thereby made the differences in domestic rates, Baltimore and Philadelphia under New York, to and from the territory west of the Appalachians, greater than the former differentials, which the railroads however continued to maintain on export-import traffic.

In the period from 1870 to the present, during which these differentials have remained in effect, the population of the country has increased four-fold. In exhibit X-2 and Chart C-1 I have shown the growth by regions more particularly related to the present proceeding, by decades from 1870 to 1950. In these exhibits, East North Central Region and West Virginia are combined, as roughly representing Differential Territory; New England and Middle Atlantic Regions plus Maryland, D. C., Delaware, and Virginia are shown as representing the North Atlantic area; the East South Central and West South Central areas combined, as representing the areas tributary to the Gulf and Pacific ports. It will be noted that, during this period of rapid growth of the entire country, the growth of the North Atlantic coastal hinterland has continued at an even greater rate than the other regions. In the 80-year period, population of the North Atlantic area increased 32,000,000; the [fol. 4051] next largest increase was Differential Territory, 23,000,000. In the decade from 1940 to 1950, only the Pacific Region showed as large an increase as the North Atlantic.

In Exhibit X-1a I have shown the population growth of the North Atlantic port cities, New York, Boston, Philadelphia, and Baltimore, from 1790 to 1950, and their metropolitan districts from 1900 to 1950. Chart C-2 compares growth of New York with Baltimore. At the time of the first census the populations of the four cities were close together, ranging from 18,000, in Boston; 25,000 in Baltimore; 28,000 in Philadelphia; to 49,000 in New York. In the first 40 years there was little change in the rate of growth of the four cities. But from the decade of 1830-1840 (after completion of the Erie Canal), New York's population increased phenomenally as compared with its rivals. This is especially true of the metropolitan district which, in 1950, had nearly 13,000,000 people, as compared with 1,300,000 in Baltimore; 3,700,000 in Philadelphia; and 2,400,000 in Boston metropolitan districts. The Bureau of the Census has just announced, on October 9, 1957, the results of a special census of New York and its metropolitan district, as of April 1, 1957, which shows that in the past 7 years, while the population of New York City proper has remained about the same, the tremendous growth of the

metropolitan district has continued, and on April 1 this year reached 14,093,535—an increase in 7 years of 1,181,000.

Contemporaneously with the growth of the country, especially east of the Mississippi and north of the Ohio and Potomac rivers, there has been a shift in occupations from rural to urban, and from a predominantly agricultural to a predominantly industrial economy, accompanied by a vast increase in the nation's productivity. Exhibit X-3 shows the population over 10 years old, from 1820 to 1930, and over 14 years, from 1930 to 1950, the gainful workers (changed to "experienced civilian labor force" in 1930), and the number and per cent of farm and non-farm occupations. In 1820, 72 per cent of the workers were in farm [fol. 4052] occupations and 28 per cent in non-farm. By 1920, the proportions had been reversed to 73 per cent non-farm and 27 per cent farm, and by 1950, 88 per cent of the workers were non-farm, and only 12 per cent in farm occupations. Exhibit X-4 shows the rural and urban populations from 1847 to 1950, and relates them to the country's productivity, as expressed in gross national product. The index numbers on this exhibit show that while rural population increased in this period 72 per cent, the urban population increased six-fold; and the value of goods and services produced, computed at constant (1929) prices, increased more than twelve-fold.

The growth and transition of our economy from agricultural to industrial was accompanied by like changes in exports and imports. Exhibits X-5 to X-16, inclusive, which deal with this situation, are reproduced from publications of the U. S. Department of Commerce Bureau of Foreign Commerce, entitled *Historical Trends in U. S. Imports*, published in September, 1954, as No. 632 of the World Trade Series, Business Information Service; and *Historical Trends in United States Exports*, which was mimeographed and circulated as a companion-piece. These cover the period from 1869 to 1953 and 1954, and some pen and ink figures for 1955 are on the sheets covering exports, which were on the copy I borrowed from the Department of Commerce for reproduction. The table numbers and page numbers on these sheets are the tables and pages of the original publications.

Exhibit X-5 shows the value of merchandise imports and exports, and their relationship to gross national product and the ratio of imports to exports, 1869-78 to 1953. During this period, exports increased from a half-billion to nearly 16 billion dollars; and imports from a half-billion to nearly 11 billion dollars. There was a sharp decrease in both exports and imports in the depression of the 1930's. During the Second World War, exports increased. In the postwar years, both exports and imports reached all-time highs. The [fol. 4053] ratio of imports to exports declined from a practical parity in 1869-78 to lows of 50 per cent in the First World War and 35 per cent in the Second World War periods, but since the last war, have increased to about 70 per cent of exports. Declining ratios of imports and exports to gross national product, from 7 per cent in 1869-78 to 3 and 4 per cent in 1953, reflect the rapid economic advancement of the United States, as compared with the rest of the world, rather than a declining importance of our foreign trade.

During the early period preceding and following the Civil War, our exports were mostly agricultural and our imports mostly manufactured goods. Now exports are predominantly manufactured products, although agricultural products comprise an important and steady volume; and imports are predominantly crude industrial materials and foodstuffs, although manufactured and semi-manufactured products still constitute an important volume. Exhibit X-6 shows percentage relationships of agricultural and non-agricultural products. In 1869-73, 77.5 per cent of our exports was agricultural and 22.5 per cent non-agricultural; whereas, in 1954, the ratios were reversed to 76 per cent non-agricultural and 24 per cent agricultural; in 1955, the ratios were 77 per cent non-agricultural and 23 per cent agricultural.

Exhibit X-7 shows exports by economic classes. The growing importance of manufactured products, as compared with crude materials, is apparent from these figures. In the period covered, manufactures advanced from 16 per cent to 57 per cent of the total exports; semi-manufactures, of which the principal item was iron and steel, increased from 5 per cent to 16 per cent; while crude materials

declined from 43 per cent to 13 per cent; and foodstuffs declined from 37 to 14 per cent.

Exhibit X-8 shows United States imports by economic classes, and the growing importance of raw material imports, as compared with finished manufactures, which [fol. 4054] is the reverse of the trend of our exports. In the period of the exhibit, manufactured imports declined from 35 to 14 per cent, while raw materials, other than foodstuffs, increased from 29 to 55 per cent. Foodstuffs held fairly steady, at 36 per cent at the beginning, and 30 per cent at the end of the period.

Exhibit X-9, which is a reproduction of Page 10 of the Commerce report, shows at the top, exports of finished manufactures as percentages of United States totals, and at the bottom a portion of the text of the report dealing with the effect of United States industrialization on our foreign trade, pointing out the growing world markets for our mass-produced manufactured products, and the growing need for industrial raw materials from abroad, and the diminishing importance of finished manufactures imports.

Exhibit X-10 shows, by commodity groups, from 1910 to 1955, our principal exports of finished manufactures. Machinery (electrical and industrial) shows the most spectacular growth, from 5 per cent to 16 per cent of total exports; automobiles rose from 1 per cent to 8 per cent; and chemicals and pharmaceuticals from less than 1 per cent to nearly 4 per cent.

Exhibit X-11 shows semi-manufactures as percentages of total United States exports. The outstanding item here is iron and steel, which increased from 1.7 per cent to 4.7 per cent of total exports. Textile yarns increased from 0.2 per cent to 1 per cent; and chemicals, including coal-tar and plastic materials, increased from less than 1 per cent to 2.5 per cent.

Exhibit X-12 shows crude materials exports. Here the largest items are coal, 3.4 per cent; cotton, 3.4 per cent; tobacco, 2.5 per cent; and oil seeds, 1.4 per cent of total export values. It is notable that since 1910 agricultural crude material exports (which do not include foodstuffs) declined from 28 per cent to 8 per cent of the total. The principal reason for this decline was decreased exports of

raw cotton, which went down from 26 per to 3 per cent of [fol. 4055] the total in the period. Since 1955, there has been some recovery in raw cotton exports by reason of expanded Government sales abroad.

Exhibit X-13 shows exports of foodstuffs. Here, grains dominate, and have held a fairly steady position; comprising 6.9 per cent of the total exports in 1910-14 and 6.6 per cent in 1955. A temporary large bulge in the immediate postwar period carried them to 12.3 per cent of total exports in 1947.

Exhibits X-14 to X-16 show similar information as to imports. Exhibit X-14 shows principal imports of manufactured articles, by commodity groups. The wide variety of manufactured imports, aggregating 14 per cent of total imports in 1953, has no especially outstanding items—the largest being machinery, 1.6 per cent of the total; steel mill products, 1.1 per cent; automobiles, 1 per cent.

Exhibit X-15 shows imports of raw materials which constituted, in 1953, 55.3 per cent of total imports. Ores and metals constituted, by a wide margin, the largest percentage of the raw materials imported, aggregating over 30 per cent of total imports; newsprint and paper base stocks were next in importance, amounting to 5.5 and 2.8 per cent of the totals; crude petroleum and fuel oils were 4.7 per cent and 2.3 per cent, respectively; wool and other fibers aggregated over 5 per cent; crude rubber amounted to 3.1 per cent of the total imports.

Exhibit X-16 shows foodstuffs imports, amounting to 30.6 per cent of the total in 1953, of which the outstanding items were coffee, 13.6 per cent and sugar, 4 per cent. Coffee imports have more than doubled in relative importance since 1910-14, whereas sugar has declined in importance.

Exhibit X-17 is a reproduction of Table No. 1129 of the *Statistical Abstract of the United States, 1956,* showing indexes of value, unit value, and quantity from 1913 to 1955; the quantity index being a computation of values in terms of constant prices. All of these indexes are [fol. 4056] computed on 1923-25 averages as 100. The exhibit shows that, while total quantity index of exports rose from 84 to 252, crude materials held fairly steady, from 123 in 1913 to 120 in 1955. Crude foodstuffs advanced from

181 to 271; manufactured foodstuffs, from 73 to 119; semi-manufactures, from 91 to 218; while finished manufactures rose from 65 to 422, an increase of nearly seven-fold. The quantity indexes of total imports increased from 66 to 188; crude materials from 58 to 163; crude foodstuffs from 67 to 149; manufactured foodstuffs (including beverages), from 74 to 213; semi-manufactures from 64 to 223; finished manufactures from 84 to 214.

From these general statistics, we turn to exports and imports through New York, Baltimore, and the other North Atlantic ports. Exhibits X-18 and X-19 and Charts C-3 and C-4 compare, in terms of dollar values, New York's and Baltimore's exports and imports, from 1870 to 1955, which is the effective period of the 3-cent rate differential (except for the reduction of the all-rail grain differential to 1½ cents around 1900 and the elimination of ex-lake grain differentials in the 1950's). Dollar value comparisons are, in my opinion, more significant in many respects than tonnage comparisons, since they reflect the importance of high-grade manufactured products as contrasted with low-grade crude materials and because value comparisons are available for a longer time and thereby throw more light on long-term trends than the tonnage figures. Exhibit X-18 shows annual figures in current dollars. Exhibit X-19 converts current dollars to 1913 constant dollars for 5-year averages from 1921 to 1955. Charts C-3 and C-4 portray the trends, both in current dollars and, from 1913, in constant dollars.

Turning to Chart C-3, it will be noted that from 1878 to the end of the 19th Century; New York's and Baltimore's export relationships were fairly constant—New York ranged between $300 million and $400 million, and Baltimore averaged somewhat below $100 million—indicating that the 3-cent differential from Differential Territory, so far as it influenced the total volume, was fulfilling its [fol. 4057] objective of keeping the competitive position of the ports fairly stable. Starting after 1895, however, New York began to climb ahead, and its leadership increased at an accelerating rate to and through the First World War. It is perhaps significant that New York's acceleration was

more rapid after rebates were abolished and published tariffs became actual rates through the passage of the Elkins and Hepburn Acts in the early 1900's. In the First World War, New York's exports reached the astonishing height of more than $3.4 billion, while Baltimore advanced only to less than $400 million. By 1922, New York's exports sank to below $1.4 billion, and Baltimore declined, by 1923, to less than $100 million. By 1929, New York advanced to $1.9 billion while Baltimore, after a slight increase in 1926, again fell below $100 million in 1928 and 1929. The depression of the 30's brought both New York and Baltimore down to or below pre-World War I levels. New York's exports fell to less than half a billion dollars in 1932, and Baltimore's to $25 million; but in the recovery of the late 1930's and subsequent World War II years, New York exports advanced astronomically, to $1.9 billion in 1940 and $5.9 billion in 1944; while Baltimore was increasing only to $167 million in 1940 and to $1 billion in 1944. In 1945, at the war's end, New York's exports slumped to $4 billion, but in 1947 they advanced again to an all-time peak of more than $6 billion, while Baltimore, in 1947, barely passed the half-billion mark. After 1947, there was a gap in the statistics until 1951, when New York's exports were $4.3 billion and Baltimore's less than half a billion. After a dip in 1952-1954, New York's exports advanced in 1955 to $4 billion, while Baltimore's advanced, from 1952 to 1955, from $415 million to $577 million.

In terms of constant (1913) prices, New York's exports advanced from $918 million, in 1913, to an average, for 1951-1955, of $3.8 billion, while Baltimore's increased from [fol. 4058] $116 million in 1913 to only $232 million. It clearly appears from these figures that, during the life of the present differentials, New York's leadership over Baltimore as an export market has tremendously advanced. This immense advance has occurred, notwithstanding Baltimore's success in post-World War II years in passing New York in exports of grain, and Baltimore has also had the benefit of increased exports of coal. If these bulk commodities were omitted from the picture, New York's lead would show up as even more overwhelming.

Chart C-4 portrays a similar situation with respect to imports. Although as to imports New York's early leadership over Baltimore was greater than on exports, the relative positions of the ports remained fairly stable until 1900. After 1900, New York's imports grew rapidly from slightly over a half-billion dollars to a peak of $2.9 billion in 1920, while Baltimore's imports remained during this entire period well below the $50 million level, until 1920 when they reached only $70 million. In 1921, New York's imports declined to $1.5 billion, and during the 1920's increased to $2.2 billion, while Baltimore's imports barely passed the $100-million mark. In the depression 1930's, New York's imports declined to below $700 million, while Baltimore sank to less than $50 million. Between 1932 and 1941, New York's imports rose to $1.5 billion, with an intervening dip in 1938; there was another dip in 1942 to below the billion-dollar mark, and from there on, an exceedingly rapid climb to $4.3 billion in 1955. Baltimore's imports in 1941 barely passed the $100 million mark, and from there fell in 1942 to $62 million; and since 1942 succeeded in climbing only to $440 million in 1953, followed by a decline to $378 million in 1955.

In terms of 1913 constant prices, New York's imports reached $1.9 billion average in 1951-1955, while Baltimore's advanced to only $232 million. It should be borne in mind [fol. 4059] that the largest item in Baltimore's imports is ores, the only important commodities imported in larger volume through Baltimore than New York. If ores were eliminated, New York's commanding lead as a port of import would be all the more evident.

From the foregoing it is clear with respect to both imports and exports, that New York has tremendously increased its leadership over Baltimore during the differential period. It should, of course, be remembered that the figures submitted are total exports and imports, not merely those to and from Differential Territory. Later I shall take up the Differential and hinterland regions separately. I wish to say, in passing, that tonnage figures of exports and imports presented by other witnesses show, quite as definitely as the value figures I have been discussing, New

York's predominance over Baltimore and other North Atlantic ports, if the bulk commodities of grain and coal are eliminated from exports, and petroleum and ores from imports.

A question not answered by the statistics so far submitted is whether New York's tremendous lead over Baltimore and the other North Atlantic ports applies to commerce all over the world, or whether there are significant differences to and from certain countries or trade routes, as distinguished from others. To throw light on this, I have prepared Exhibits X-22 and X-23, which show by individual foreign countries or groups of countries, arranged as nearly as may be according to the essential trade routes established by the U. S. Maritime Administration, the weight, in thousands of pounds, and in percentages of the total of all Atlantic ports, of the exports and imports through New York, Boston, Portland, Me., Albany, Philadelphia, Baltimore, and Hampton Roads. The figures are for the calendar year 1955, and were obtained from a special study made by the Bureau of the Census, bearing [fol. 4060] the title *U. S. Waterborne Exports of Domestic and Foreign Merchandise Laden on Vessels at Selected U. S. Ports, 1955,* and a like title for imports. The individual countries in each of the geographical sub-groups are listed in Exhibit X-23a. I have in my working papers the original compilation of the Bureau of the Census, and compilations I have made therefrom of the exports and imports to and from each foreign country, by commodity groups and by type of vessel, i.e., liner, tramp, tanker. These working papers are available to the Commission, and for inspection by interested parties, if desired. The Bureau of Census figures and working papers give dollar values, by countries and commodities, as well as weights. From these, exhibits could be prepared showing dollar values, but it was deemed unnecessary to present these data, since they would simply enlarge the number of exhibits without showing substantially different relationships, other than those growing from the heavy weights and low values of crude, compared with manufactured commodities, which are adequately shown in other exhibits of record.

The arrangements of Exhibits X-22 and X-23 are similar. They show respectively exports and imports between the North Atlantic ports and the world, and geographical sections representing the several trade routes. In each subsection are three sets of figures, A, B, and C—A covering all commodities; B, all commodities except export coal and import petroleum; C—all commodities except export coal and grain and import petroleum and ores.

Turning to the first section of Exhibit X-22, showing exports through North Atlantic ports to the world, it will be noticed in Line A that New York's percentage was 14.4; Hampton Roads, 60; Baltimore, 16; Philadelphia, 6.4; Albany, 1.8; Boston, 1.1, and Portland, 0.3. In Line B, eliminating coal, New York's percentage becomes 41.1; Hampton Roads falls to 10.9; Baltimore rises to 25.5; Philadelphia is 13.6; Albany, 5.1; Boston, 3; and Portland, 0.8. In Line C, [fol. 4061] after eliminating both grain and coal, New York takes the lead with 57.4 per cent; Hampton Roads drops to 6.5 per cent; Baltimore to 17.8 per cent; Philadelphia, 14; Albany, 0.2; Portland, 0.7, and Boston becomes 3.4 per cent.

The figures for tonnage exported to the individual countries and geographical sub-groups reveal some significant facts which are not disclosed by the general averages. New York's percentages (on all commodities except coal and grain) are higher than its over-all average of 57.4%, to the following: Canada, 74.1%; Mexico, 60.4%; Central America, 92.7%; Caribbean, 70.4%; South America—West Coast, 72.1%; Continental Europe, 60.7%; Mediterranean, 62.1%; Red Sea-Persian Gulf, 60.5%; Indonesia-Malaya, 75.4%; West Africa, 89.6%; South and East Africa, 64.0%. On the other hand, New York's percentages are lower, and Baltimore's higher, than the over-all averages to South America—East Coast (New York, 50; Baltimore, 31); United Kingdom-Eire (New York, 29.6; Baltimore, 29.3); Far East (New York, 44.7; Baltimore, 24.3). Reference to the individual commodity and country data in the worksheets discloses that Baltimore's relatively high percentages to the areas named above were caused by large shipments of iron and steel products and fertilizers, pro-

duced in Baltimore's local or adjacent territory, rather than by tonnage diverted by Baltimore from Differential Territory away from New York. It is also interesting to find that Baltimore exported to those countries which received relatively large quantities of steel and fertilizer, considerable quantities of coal and grain, thus indicating that ships which call at Baltimore for bulk commodities may also provide shipping service giving Baltimore better opportunity to compete with New York on manufactured commodities. A definite relationship between frequency of sailings and volume of commerce can be traced by comparing the sailings between Baltimore and New York, [fol. 4062] respectively, over the several trade routes, as shown in exhibits of Witness Hamill, with the figures in my exhibits 22 and 23. It should also be borne in mind that volume of exports is necessarily related to volume of imports, not only because ships bringing in imports may be used for exports on their return journey, and *vice versa,* but because money to pay for exports and imports must be provided in the currencies of the respective exporting and importing countries; exports can be made only to the extent that they can be paid for in money of the exporting country, derived from imports, except for money transfers derived from loans, grants, donations, investments, and payments for services and travel, which in the aggregate are small relative to the total volume of foreign trade.

Exhibit X-23 shows that as to imports, as Exhibit X-22 showed as to exports, New York's percentages from individual countries and trade route groups vary considerably from the over-all average. The countries and groups from which New York's imports are above its over-all average of 53% are: Mexico, 64%; Central America, 80%; South America—West Coast, 68%; South America, East Coast, 68%; Mediterranean, 54%; Red Sea-Persian Gulf, 62%; Indonesia-Malaya, 75%; Far East, 77%; South and East Africa, 56%. The only area from which Baltimore received more than its over-all average of 10.6% was Continental Europe, and reference to the detailed commodity and country figures shows that this was due to the receipt of large tonnages of fertilizer materials from France and West Germany, most of which went to Baltimore's local

fertilizer plants, and very little, if any, was shipped into Differential Territory. The areas from which New York received less than its over-all average percentage of imports were: Continental Europe, 47%, already discussed; Caribbean, 35%; Canada, 48%; Scandanavia-Baltic, 36.6%; United Kingdom-Eire, 50%; Australasia, 44%. From each of these areas, except Canada, New York's relatively low percentage of the total was caused, in large part, by larger [fol. 4063] than average imports through Boston which were, from the Caribbean, 14.5%; Scandanavia-Baltic, 19.5%; United Kingdom-Eire, 10.4%; Australasia, 39.7%, compared with Boston's over-all average of 9.2%. Boston also received an above-average percentage from South and East Africa—18.5%. This suggests that New York's complaint, if any, that it is receiving less than a satisfactory share of import freight, should be directed primarily against Boston, rather than the North Atlantic ports below New York; and New York would have a better prospect of improving its imports by obtaining differentials in rail rates below Boston, rather than equalization with Baltimore.

It is apparent, from Exhibits X-22 and X-23 that New York's overwhelming preeminence as to both exports and imports, extends over the whole world, except as to a few commodities produced in large volume locally at or near the other North Atlantic ports, such as coal, fertilizer, iron and steel, and, as to export grain and import ores and petroleum.

Coming now to the question of the relative volume and importance of exports and imports originating or terminating in the nearby or hinterland areas of the North Atlantic ports, compared with Differential Territory, I direct attention to Charts C-7, C-8, and C-9, and Exhibit X-20. These deal especially with manufactured commodities. Figures as to bulk materials are available in other testimony. Manufactured commodities are of paramount importance in the present and future of our foreign trade. World markets for United States manufactured products are necessary to provide means of payment for the imported raw materials which are essential to our growth, prosperity, and national defense, and for the advancement

of the free world. The future growth of the individual North Atlantic ports will largely depend on their ability to attract exports of manufactured products, along with foodstuffs, and with imports of manufactured goods, foodstuffs, and crude materials. Exports and imports origi- [fol. 4064] nating and terminating locally or near the ports comprise, with a few exceptions of which grain is perhaps the most important, the major portion of the commerce through the ports. It is pertinent, in considering port relationships, to inquire into the volume of commerce supplied by the hinterland areas, as well as the Differential Territory.

Chart C-7 is a county outline map of the eastern half of the United States, on which the boundaries of the hinterlands of each North Atlantic port are marked, as determined by Witness Day, of Boston, who used the level of first class rates to obtain the territory within which each port has lower rates than any other port. The map also shows the boundaries of Differential Territory, extending from the western tip of New York, through western Pennsylvania, western West Virginia, eastern Kentucky, along the Ohio River to the Mississippi River, thence northward along the Minnesota-Wisconsin boundary line to Canada. The map also shows, for information, the Sandusky-Marietta Line, west of which Norfolk's export and import rates are the same as Baltimore's.

Exhibit X-20 shows, for selected years from 1899 to 1954, the manufacturing growth of the United States and of the New York-Boston and Philadelphia-Baltimore-Norfolk hinterlands, and of Differential Territory; in terms of manufacturing employees, payrolls, and value added by manufacture, which are designated by the letters A, B, and C, respectively. The four columns at the right of the exhibit show the increases of 1954 over 1899, and 1954 over 1947, in figures and percentages. Each group and subgroup is identified by line numbers at the left of the exhibit. The years 1954, 1947, and 1939 were those of the three latest manufacturing census; 1929 represents the period of prosperity before World War II; 1914, 1904, and 1899 are representative years prior to the First World War. The first group of figures—Line 1—shows, for the

United States as a whole, growth of manufacturing em-
[fol. 4065] ployees from 4.8 million to 16.1 million; employees' payrolls, from $2.2 billion to $66 billion; and value added by manufacture, from $4.6 billion to $116.9 billion. Line 2 shows similar information as to the New York metropolitan district; Line 3, as to New England; Line 4, New York State; Line 5, Northeast New Jersey, which is a part of the New York Metropolitan District. On Line 6, the total figures for New York's hinterland, including New England, which are the sum of Lines 3, 4, and 5 are obtained. On Line 7, the totals for New York's hinterland, excluding New England, are shown. Line 8, which is the sum of Lines 13 to 17, inclusive, shows, for comparison with New York's hinterland, the hinterlands of Philadelphia, Baltimore, and Norfolk combined, consisting of New Jersey outside of the New York Metropolitan District, Pennsylvania (except the western portion in Differential Territory); Delaware, Maryland, District of Columbia, and Virginia. Line 9 shows similar information for Differential Territory, which is the sum of Lines 18, 19, and 20, consisting of the western Pennsylvania counties in Differential Territory, West Virginia and the East North Central states. The area used for Differential Territory is only approximately correct, in that it omits border communities in Kentucky, Missouri, and Iowa, which are part of Differential Territory, and on the other hand, includes portions of Wisconsin and West Virginia which are outside of Differential Territory. These tend to offset each other; and the figures are accurate enough for the purposes of this exhibit. Likewise the area used as New York's hinterland omits 5 counties in northeast Pennsylvania which are closer to New York than to Philadelphia, and 3 counties in Connecticut which are closer to New York than to Boston, but these minor omissions do not significantly alter the comparisons.

It will be observed from this exhibit that in 1954, manufacturing in the New York metropolitan area, as measured by these figures, surpassed that of all New England, and the manufacturing in New York State alone was greater
[fol. 4066] than the combined hinterlands of Philadelphia, Baltimore, and Norfolk. New York's hinterland without

New England substantially exceeded the combined Philadelphia-Baltimore-Norfolk hinterlands, and New York including New England was more than double that of Philadelphia-Baltimore-Norfolk combined. Differential Territory's manufacturing has had a remarkable growth from levels substantially below New York's hinterland, in 1899, to more than 40 per cent (measured by value added) above New York's hinterland, including New England, in 1954. The figures as to the percentages of growth, 1954 over 1899 and 1954 over 1947, show that New England has lagged behind the other areas, but New York's hinterland as a whole has maintained its substantial advantages over Philadelphia-Baltimore-Norfolk's combined hinterlands in the period 1947 to 1954, as well as 1899 to 1954, thus indicating that New York hinterland's superiority over the hinterlands of the North Atlantic ports below New York is continuing, and increasing rather than decreasing.

Charts C-8 and C-9 depict the growth and importance of the New York-New England hinterlands, as compared with the combined hinterlands of Philadelphia-Baltimore-Norfolk, and with Differential Territory, in terms of manufacturing employment on Chart C-8 and value added by manufacture on Chart C-9. The charts show at a glance the tremendous advantage which New York enjoys over the ports below New York, by reason of the greater volume of manufacturing in the New York-New England hinterland. Taking the 1954 figures of value added as representative, it will be observed that the combined hinterlands of the North Atlantic ports below New York produced between $10 and $15 billion of added value, as compared with between $25 and $30 billion in the New York-New England hinterland. The charts also show what a tremendous addition there would be in New York's hinterland, if Differential Territory were included in it by the proposed equalization of rates. That would raise the total of value [fol. 4067] added by manufacture in New York's hinterland, as augmented by Differential Territory, to almost $70 billion, while the value added in the combined hinterlands of the lower North Atlantic ports would remain at slightly over $12 billion.

Reference was made in New York's testimony to the growing competition of Gulf ports for export and import traffic of Differential Territory, and the lower rates enjoyed by the Gulf on that traffic. This is a competitive situation affecting all North Atlantic ports alike. Exports and imports through the Gulf have been growing at higher than average rates, especially since World War II. My Exhibit X-19a shows the dollar values of exports and imports through the New Orleans and Galveston customs districts, which take in all of the Gulf ports, by decades from 1871 to 1950, and annually from 1946 to 1955. It will be noted from the index numbers at the right that, taking the 1871-1880 decade as 100, Gulf exports in 1955 were more than 17 times and imports more than 60 times higher. The increases were $1.6 billion in exports and $900 million in imports, as compared with Baltimore's increases, 1955 over 1871-1880, of a half billion dollars in exports and $350 million in imports. From 1936-40 to 1955 the Gulf's exports increased $1.3 billion and imports, $770 million, while Baltimore's increases were less than a half billion dollars exports and less than $400 million in imports.

The increased foreign trade of the Gulf stems from rapid development of manufacturing in the Gulf states, as well as increased flow of export and import traffic between the Gulf and the interior Mississippi Valley states. In my Exhibit X-20a, I show the manufacturing growth of the Gulf, and also the Pacific states, from 1899 to 1954. In the two right-hand columns it will be observed that the Gulf increases, expressed in percentages of the total United States increases (as per my Exhibit X-20), 1954 over 1899, were, manufacturing employees, 7 per cent, and value added by manufacture, 6.3 per cent; for 1954 over 1947, [fol. 4068] the Gulf's percentages were 11.5 per cent and 7.8 per cent respectively, showing the rising importance of manufacturing growth in the Gulf states since World War II. A similar acceleration is seen in the manufacturing growth of the Pacific states, from 11.1 per cent and 9.8 per cent, respectively, in 1954 over 1899; and 23.7 per cent and 13.2 per cent respectively for 1954 over 1947. The increasing industrialization of the Gulf and Pacific

areas, of course, tends to reduce the ratios of North Atlantic and East North Central manufactures to the total.

Exhibit X-21 shows net registered tons of vessels with cargo entered and cleared in United States foreign trade at North Atlantic ports, Gulf ports, and the totals for the United States, for the years 1910, 1940, and 1950, and annually thereafter to 1956. The term "not registered tons" does not mean cargo tonnage, but is an arbitrary measure of usable space in vessels, using 100 cubic feet as a ton. Nevertheless it provides a convenient measure of the growth of shipping in the several port areas. It will be noted that, from 1910 to 1956, entries of laden vessels in the Gulf increased five-fold and clearances, more than three-fold, and from 1940 to 1956, both entrances and clearances more than doubled; indicating the improvement of the Gulf's shipping services that has been taking place contemporaneously with the increases in the Gulf's exports and imports. Charts C-5 and C-6 graphically depict the situation and show, especially as to clearances, the higher trends of the Gulf, as compared with Baltimore and New York.

Before leaving the subject of competition faced by the North Atlantic ports and by the rail carriers serving them, mention should be made of the St. Lawrence Seaway. The competition of the St. Lawrence route affects all North Atlantic ports alike, and while it is not presently of great significance, the threat looms of a considerably heavier volume of exports and imports to and from Differential [fol. 4069] Territory via the St. Lawrence, after the 27-foot channel is completed in 1959. This, like the growing Gulf competition, is a menace to the traffic of the carriers serving Baltimore, Philadelphia, and Norfolk, as well as New York and Boston, and of course the ports themselves are likewise threatened. Unquestionably the competition of the Gulf and the St. Lawrence together constitutes a challenge to the North Atlantic ports and the carriers serving them, deserving serious consideration in determining whether the interests of the carriers, ports and general public can be better served by leaving to the managerial discretion of the several carriers some freedom to meet this competition, rather than by tying up the ex-

port-import rates to and from the North Atlantic ports into a huge blanket adjustment extending from Norfolk northward to and beyond the Canadian border.

The exhibits of the railroads in this proceeding show total exports and imports by rail through each of the North Atlantic ports, for the 12-month period July, 1955 to 1956, but figures for New York were separately given by the applicant and opponent railroads. For ready comparison, I have consolidated, in my Exhibit X-24, the figures for New York and compared them with Baltimore, by commodity groups and by individual commodity classes, for which the movement through either Baltimore or New York was as much as 1,000 tons. The ratios of New York's to Baltimore's exports, by commodity classes, are shown in the columns at the right.

The exhibit shows that, as to exports by rail, other than coal, coke and grain, and imports other than ore, originating or terminating in Differential Territory, New York holds in general the same commanding lead over Baltimore as is shown in my previous exhibits with respect to exports and imports as a whole through these ports.

Prospects of United States foreign trade for the long-term future appear bright. Population of the country is growing at a rate much higher than was until recently [fol. 4070] thought possible. A recent estimate of the Bureau of Census was that, as of August 1, 170,607,000 people were living in the United States, and the population including armed services abroad was 171,520,000. The Bureau estimates that we shall pass the 175-million mark within a year and that population by 1960 will be 179 million; by 1965, 193 million; by 1970 209 million, and 1975, 228 million. The country's manufacturing capacity is expanding at an equally astonishing rate. Production is not only increasing by reason of the gain in production workers each year, but productivity per man-hour is increasing. Thus our gross national product is growing at an even greater rate than our population. This expanding production calls for constantly increasing imports of foreign raw materials. It was pointed out in the comprehensive report of the Paley Commission, in 1952, H.R. Doc. 527, entitled *Resources for Freedom*, that in the 1940's, the United States

changed from a raw materials surplus to a raw materials deficit nation. However the United States produces substantial surpluses of agricultural products, especially grains and cotton, which must find overseas markets. Other raw materials, including coal, phosphates, certain forest products; and semi-manufactures, including iron and steel, other metals, industrial chemicals, are in strong foreign demand. The markets for our mass-produced finished manufactures, notably machinery, chemical specialities, pharmaceuticals, are world-wide. Industrial nations consuming our raw and semi-finished materials will ship manufactured products to us in payment, and undeveloped countries will exchange crude materials and foodstuffs needed by us for our foods, machinery, and other products they require.

United States investments in foreign countries, both public and private, are unprecedentedly increasing. Government expenditures abroad, for defense and foreign aid, promise to continue at about the present high rates, in [fol. 4071] carrying forward the responsibilities of world leadership which the United States has necessarily assumed. The growing needs of our economy for foreign materials, and of foreign nations for our products, together with our continuing public and private expenditures and investments abroad should result in constantly increasing exports from, as well as imports to the United States.

All of our major seaports, given reasonable opportunity with the exercise of reasonable initiative, should participate in this foreign trade. But the degree of their participation will depend on inland and ocean freight rate relationships, capacity and economy of port facilities, time consumed at ports and in transit, and frequency and regularity of ocean sailings. New York's superiority in ocean services to and from virtually the whole world gives it great advantages over the other Atlantic ports. If the North Atlantic ports below New York should be deprived of such offsetting advantages as they can now offer, of lower inland freight rates based on their shorter distances and lower costs of transportation to and from Differential Territory, their prospects of competing successfully against New York would be seriously diminished.

Our national welfare will, to a greater degree in the future than in the past, depend on fostering and maintaining our foreign trade. All the nations of the world are seeking to advance their industry and their standards of living. Therefore competition between nations for world trade will become increasingly keen. The necessity is obvious of developing and maintaining the most economical means of transportation and shipping, as well as the lowest possible costs and the highest possible quality of our products, for fullest advancement of our world commerce.

In my judgment, the public interest requires that each mode of transportation be encouraged to provide means for moving our export and import freight at the lowest [fol. 4072] possible cost to the producers, buyers, and users, and at the lowest rates consistent with principles of fairness. In my opinion, the maintenance of lower rates on export and import traffic to and from Differential Territory, through the ports of Baltimore, Philadelphia, and Norfolk than through New York, would be in conformity with the public interest in the furtherance of these national objectives.

[fol. 4073] AFFIDAVIT

CITY OF WASHINGTON)
) ss
DISTRICT OF COLUMBIA)

C. E. Childe, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

/s/ C. E. CHILDE
C. E. Childe

Subscribed and sworn to before
me this October 14, 1957

YOLANDA J. DE MARCO
Notary Public
My Commission Expires Feb. 1, 1958

SEAL

VALUE - EXPORTS AND IMPORTS OF MERCHANDISE
NEW YORK AND BALTIMORE
1870, 1878 - 1955, incl.

Year	NEW YORK		BALTIMORE	
	Exports	Imports	Exports	Imports
	(in millions of dollars)			
1870	196.6	281.0	14.5	19.5
1878	372.2	292.8	45.5	16.9
1879	327.8	302.3	57.5	14.0
1880	385.5	459.9	76.2	19.9
1881	393.7	435.5	72.2	16.2
1882	332.1	493.1	39.4	14.9
1883	347.3	496.0	55.0	14.6
1884	320.0	465.1	43.1	11.4
1885	334.7	380.1	45.0	11.8
1886	304.5	419.3	35.8	11.7
1887	306.8	456.7	51.6	12.5
1888	301.5	470.4	46.2	11.7
1889	310.9	472.2	50.6	15.2
1890	340.3	516.4	74.0	13.1
1891	337.8	537.8	64.4	20.6
1892	404.9	536.5	98.9	13.4
1893	339.0	548.6	71.5	16.2
1894	359.2	415.8	78.3	12.0
1895	317.9	477.7	61.9	12.3
1896	344.4	499.9	66.4	13.5
1897	391.7	480.6	85.7	11.4
1898	445.5	402.3	118.8	8.9
1899	459.4	465.6	107.2	9.2
1900	518.8	537.2	115.5	19.0
1901	529.6	527.3	106.2	18.9
1902	490.4	559.9	80.5	22.8
1903	505.8	618.7	81.7	27.8
1904	506.8	600.2	82.8	20.3
1905	524.7	679.6	91.2	21.2
1906	607.2	734.4	109.9	30.1
1907	628.0	853.7	104.8	37.8
1908	701.1	688.2	90.0	29.5
1909	607.2	779.3	77.6	24.0
1910	652.0	936.0	77.4	29.9
1911	772.6	881.6	85.1	32.2
1912	817.9	975.7	92.2	26.4
1913	917.9	1,048.3	116.5	32.9
1914	864.5	1,040.4	109.7	34.5
1915	1,193.6	931.0	132.0	25.0
1916	2,790.4	1,257.2	291.2	38.9
1917	2,901.1	1,361.7	377.4	37.0
1918	2,560.9	1,294.4	300.7	36.0
1919	3,456.3	2,064.7	353.7	38.9
1920	3,283.9	2,892.6	381.6	69.8
1921	1,730.3	1,332.3	142.8	41.1
1922	1,375.4	1,484.7	124.9	60.1

[fol. 4074]

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Year	NEW YORK		BALTIMORE	
	Exports	Imports	Exports	Imports
1923	1,518.9	1,797.8	93.4	91.8
1924	1,657.7	1,690.0	100.2	100.5
1925	1,774.4	2,074.1	108.6	94.9
1926	1,662.5	2,225.0	129.3	106.2
1927	1,726.1	2,042.8	101.3	109.0
1928	1,769.9	1,950.1	99.0	110.0
1929	1,903.1	2,152.7	84.2	116.6
1930	1,384.3	1,469.2	53.8	103.7
1931	868.7	1,062.4	34.4	77.4
1932	475.4	656.1	24.5	46.1
1933	507.0	748.0	25.6	45.9
1934	733.9	834.2	40.6	52.2
1935	790.3	1,033.1	35.8	54.9
1936	872.3	1,197.0	45.1	71.7
1937	1,234.4	1,479.8	106.7	99.3
1938	1,126.3	983.5	81.8	65.9
1939	1,293.8	1,149.0	89.1	66.1
1940	1,944.9	1,241.8	167.5	94.8
1941	2,699.8	1,517.9	145.5	105.3
1942	3,804.1	970.8	266.3	62.1
1943	5,016.1	1,146.4	819.2	83.0
1944	5,938.4	1,275.8	1,078.7	101.3
1945	4,019.9	1,476.7	499.0	117.9
1946	4,016.2	2,291.4	344.6	147.5
1947	6,030.8	2,321.6	528.1	209.6
1948	1/	1/	1/	1/
1949	1/	1/	1/	1/
1950 2/	1/	1/	1/	1/
1951 2/	4,290.8	3,988.6	482.4	372.9
1952 2/	3,790.8	4,185.7	454.6	393.2
1953 2/	3,450.4	4,133.1	430.7	443.4
1954 2/	3,518.8	3,775.8	494.7	418.0
1955 2/	4,005.2	4,292.7	576.9	378.6

Note: Includes reexports except for years 1878-1896.

1/ - Customs district data not available.
2/ - For security reasons, Customs district of exportation for certain commodities not reported in export statistics.

Sources: Years 1878-1896, incl. from Foreign Commerce and Navigation of the U. S.

Other years from Statistical Abstracts of the U. S.

4075

2940 [fol. 4075]

X-19

EXPORTS AND IMPORTS - CONSTANT PRICES (1913 LEVEL)
NEW YORK AND BALTIMORE

YEAR	UNIT VALUE		EXPORTS				IMPORTS			
	1923-1925 equals 100	1913 equals 100	Current		1913 Basis		Current		1913 basis	
			N.Y. (In millions of dollars)	Balt.	N.Y.	Balt.	N.Y.	Balt.	N.Y.	Balt.
	Exp. Imp	Exp Imp								
1913	65 70	100 100	917.9	116.5	917.9	116.5	1048.3	32.9	1048.3	32.9
1915-20			2912.5	320.4			1703.5	42.3		
1921-25	99 94	152 134	1611.3	114.0	1060.1	75.0	1675.8	77.7	1120.1 ~~1102.6~~	58.0 ~~61.1~~
1926-30	86 90	132 129	1689.2	93.5	1279.7	70.8	1967.9	109.1	1625 ~~1490.8~~	84.6 ~~70.8~~
1931-35	59 48	91 69	675.1	32.2	741.9	35.4	866.8	55.3	1296.2 ~~988.5~~	80.1 ~~69.8~~
1936-40	67 56	97 80	1294.3	98.0	1334.3	101.0	1210.2	79.6	1512.8 ~~1267.6~~	99.5 ~~82.1~~
1941-45	97 77	149 110	4295.7	561.8	2883.0	377.0	1278.0	93.9	1461.8 ~~887.7~~	85.4 ~~63.0~~
1946-50	123 122	189 174 x	5023.5 x	436.6	2657.9	231.0	2650.8	228.3	1625.4 ~~1428.5~~	129.5 ~~139.8~~
1951-55	127 161	210 230	3811.1	487.9	1814.8	232.3	4075.2	401.4	1771.8 ~~1949.6~~	174.5 ~~232.5~~

x - Average 1946-1947.

Source: Statistical Abstract of the U. S., 1956 - Tables 1129, 1133

407b

MANUFACTURING GROWTH OF THE UNITED STATES AND NEW YORK-BOSTON HINTERLAND
VS. PHILADELPHIA-BALTIMORE-NORFOLK HINTERLAND;
AND OF DIFFERENTIAL TERRITORY
1899-1954

A - Employees (thousands)
B - Wages (millions of dollars)
C - Value Added by manufacture (millions of dollars)

Line No.	Area		1954	1947	1939	1929	1914	1904	1899	Increase 1954 over 1899	Per cent of U.S. Increase	Increase 1954 over 1947	Per cent of U.S. Increase
1	United States	A -	16,126	14,294	9,527	9,660	7,514	5,675	4,850	11,276	100	1,832	100
		B -	65,977	39,696	12,706	14,284	5,016	2,991	2,259	63,718	100	26,281	100
		C -	116,913	74,290	24,467	30,591	9,386	6,019	4,647	112,266	100	42,623	100
2	N.Y. Metrop. Area	A -	1,732	1,599	1,117	1,111	NA	NA	702	1,030	9.1	133	7.3
		B -	7,095	4,920	1,647	1,989	NA	NA	359	6,736	10.6	2,175	8.3
		C -	13,116	9,311	3,126	4,452	NA	NA	865	12,251	10.9	3,805	8.9
3	New England (Boston Hinterland)	A -	1,450	1,475	1,122	1,246	1,245	1,001	897	553	4.9	-25	-
		B -	5,461	3,940	1,402	1,733	777	512	421	5,040	7.9	1,521	5.8
		C -	9,128	6,798	2,414	3,240	1,268	910	756	8,372	7.5	2,330	5.5
4	New York (state)	A -	2,008	1,773	1,211	1,331	1,236	955	795	1,213	10.8	235	12.8
		B -	8,473	5,278	1,750	2,295	869	541	414	8,059	12.6	3,195	12.2
		C -	14,141	9,656	3,314	4,974	1,699	1,140	854	13,287	11.8	4,485	10.5
5	Northeast New Jersey[1]	A -	611	572	329	340	NA	NA	239	372	3.3	39	2.1
		B -	2,641	1,745	599	481	NA	NA	114	2,527	4.0	896	3.4
		C -	4,983	3,326	1,162	1,290	NA	NA	204	4,779	4.3	1,657	3.9
6	New York Hinterland (Incl. New Eng.- Lines 3, 4, 5)	A -	4,069	3,820	2,662	2,917	NA	NA	1,931	2,138	19.0	249	13.6
		B -	16,575	10,963	3,551	4,509	NA	NA	949	15,626	24.5	5,612	21.4
		C -	28,252	19,780	6,890	9,604	NA	NA	1,814	26,438	23.5	8,472	19.9
7	New York Hinterland (Excl. New Eng.- Lines 4 and 5)	A -	2,619	2,345	1,540	1,671	NA	NA	1,034	1,585	14.1	274	14.9
		B -	11,114	7,023	2,149	2,776	NA	NA	528	10,586	16.6	4,091	15.6
		C -	19,124	12,982	4,476	6,364	NA	NA	1,058	18,066	16.1	6,142	14.4

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Manufacturing Growth - Page 2

Line No.	Area		1954	1947	1939	1929	1914	1904	1899	Increase 1954 over 1899	Per cent of U.S. Increase	Increase 1954 over 1947	Per cent of U.S. Increase
8	Phila-Balt-Norf. Hinterland (Lines 11, 13, 14, 15, 16, 17)	A-	1,843	1,658	1,349	1,390	(x)	(x)	740	1,103	9.8	185	10.1
		B-	7,108	(x)	1,796	2,064	(x)	(x)	321	6,787	10.7	(x)	(x)
		C-	12,033	8,026	2,985	3,733	(x)	(x)	668	11,365	10.1	4,007	9.4
9	Differential Territory (Lines 18, 19, 20)	A -	5,132	4,900	3,003	3,309	(x)	(x)	1,399	3,733	33.1	232	12.7
		B -	23,215	(x)	4,516	5,394	(x)	(x)	694	22,521	35.3	(x)	(x)
		C -	40,762	26,415	8,699	11,228	(x)	(x)	1,469	39,293	35.0	14,347	33.7
10	New Jersey (state)	A -	811	739	531	517	422	290	258	553	4.9	72	3.9
		B -	3,489	2,217	754	809	290	157	120	3,369	5.3	1,272	4.8
		C -	6,331	4,186	1,518	1,771	522	304	257	6,074	5.4	2,145	5.0
11	New Jersey (less No. East N.J.-Line 5)	A -	200	167	202	177	NA	NA	19	181	1.6	33	1.8
		B -	848	472	355	328	NA	NA	6	842	1.3	(x)	(x)
		C -	1,348	860	356	381	NA	NA	53	1,295	1.2	488	1.1
12	Pennsylvania (state)	A -	1,473	1,442	1,016	1,155	1,031	829	708	765	6.8	31	1.7
		B -	5,911	3,925	1,356	1,749	671	441	343	5,568	8.7	1,986	7.6
		C -	9,930	6,926	2,477	3,431	1,141	813	692	9,238	8.2	3,004	7.0
13	Penna. (less Western Penna. Differential Terri. - Line 18)	A -	1,068	992	794	889	(x)	(x)	521	547	4.9	76	4.1
		B -	4,117	(x)	1,046	1,332	(x)	(x)	238	3,879	6.1	(x)	(x)
		C -	6,657	4,694	1,735	2,428	(x)	(x)	458	6,199	5.5	1,963	4.6
14	Delaware	A -	55	35	23	27	25	20	22	33	0.3	20	1.1
		B -	267	93	29	37	15	10	10	257	0.4	174	0.7
		C -	353	183	54	69	24	16	17	336	0.3	170	0.4
15	Maryland	A -	255	229	166	151	126	103	101	154	1.4	26	1.4
		B -	1,002	612	209	195	72	45	39	963	1.5	390	1.5
		C -	1,889	1,139	421	422	199	93	82	1,807	1.6	750	1.8
16	District of Columbia	A -	22	18	14	14	11	7	7	15	0.1	4	0.2
		B -	97	56	25	25	9	5	4	93	0.1	41	0.2
		C -	157	99	43	53	17	11	9	148	0.1	58	0.1

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Manufacturing Growth - Page 3

Line No.	Area		1954	1947	1939	1929	1914	1904	1899	Increase 1954 over 1899	Per cent of U.S. Increase	Increase 1954 over 1947	Per cent of U.S. Increase
17	Virginia	A -	243	217	150	132	112	85	70	173	1.5	26	1.4
		B -	777	484	132	147	56	32	24	753	1.2	293	1.1
		C -	1,629	1,051	376	389	189	65	49	1,580	1.4	578	1.4
18	Western Penna. 2/ (Differential Terr.)	A -	405	450	222	266	(x)	(x)	187	177	1.6	-45	-
		B -	1,794	(x)	310	417	(x)	(x)	105	1,517	2.4	(x)	(x)
		C -	3,273	2,277	742	1,003	(x)	(x)	234	2,753	2.5	996	2.3
19	West Virginia	A -	122	127	88	94	77	47	35	87	0.8	-5	-
		B -	495	338	114	136	51	24	14	481	0.8	157	0.6
		C -	988	664	213	252	83	45	30	958	0.9	30	0.1
20	E. No. Central	A -	4,605	4,323	2,693	2,949	1,955	1,365	1,177	3,428	30.4	282	15.4
		B -	20,926	13,019	4,092	4,841	1,448	768	575	20,351	31.9	7,907	30.1
		C -	36,501	23,474	7,744	9,973	2,945	1,560	1,205	35,296	31.4	13,027	30.6

1/ - No. East New Jersey Counties: Bergen, Passaic, Hudson, Essex, Morris, Union, Middlesex, Somerset.
2/ - Western Pennsylvania Counties: Allegheny, Beaver, Butler, Crawford, Erie, Lawrence, Mercer, Venango, Warren, Washington.
(x) - Data incomplete.
NA - Information not available in Bur. of Census figures.

SOURCE: U. S. Department of Commerce, Census of Manufactures.

4079

[fol. 4080]

I.C.C. EXHIBIT No. 86

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT
NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF CHARLES R. SEAL,
DIRECTOR TRANSPORTATION DEPARTMENT,
MARYLAND PORT AUTHORITY
BALTIMORE, MARYLAND

[fol. 4081]

BEFORE THE

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION
DOCKET NO. 6615

EQUALIZATION OF RATES AT
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VERIFIED STATEMENT OF CHARLES R. SEAL

My name is Charles R. Seal. I am Director of the Transportation Department of the Maryland Port Authority and have held that position since May 24, 1957. Previously, and beginning with July 1, 1918, I was an attorney and examiner for the Interstate Commerce Commission, in which capacity I conducted hearings in railroad rate cases and prepared drafts of proposed reports and final reports in such cases, and on assignments, reviewed drafts of reports prepared by other examiners. I continued in that capacity until November 30, 1927.

From December 1, 1927, until January 31, 1946, I was Transportation Director for the Baltimore Association of Commerce, having the responsibility of handling all rate and other transportation matters affecting the Port and City of Baltimore. This responsibility included representing the interests of the Port in proceedings before the Interstate Commerce Commission, the United States Mari-
[fol. 4082] time Commission, now the Federal Maritime Board, and the Civil Aeronautics Board, as well as in hearings before railroad rate committees. I actively participated in all of the many port differential cases which came before the Commission during that period. From February 1, 1946, to November 30, 1953, I was Director of Bureau of Water Carriers and Freight Forwarders of the Interstate Commerce Commission. In that capacity, I was responsible for the processing of applications of water car-

riers and freight forwarders for operating authorities and applications of railroads, motor carriers, water carriers and freight forwarders for approval of rate-bureau procedure aggreements under Section 5a of the Interstate Commerce Act. I also acted in an advisory capacity to the Commission in matters pertaining to competitive rates as between railroads and water carriers. From December 1, 1953, until I joined the Maryland Port Authority, I was associated with the Virginia State Ports Authority, first as Director of its Bureau of Transportation and General Counsel and then as Deputy Executive Director and General Counsel. While there, I represented the Authority in proceedings before this Commission and the Maritime Board.

My statement will deal with the general aspects of this proceeding pertaining to the history of the origin and purpose of the Atlantic port differentials; of the tests by [fol. 4083] which the differentials have heretofore been appraised and approved; and of their impact upon the ports and their commerce. Another witness will go more into the technical details of the differential rate structures. I may say at this point that the issues of the case, as I interpret them, concern the lawfulness of the differential relationships rather than the measure of the rates themselves. The Commission is asked on the one side by the proponents of port equalization, to approve removal of the differentials, and on the other to require continuance of the status quo in its entirety.

An antecedent of the origin and history of the differentials was the interest of a group of Baltimore citizens in providing means whereby the port of Baltimore might tap the growing agricultural midwest, and to restore to Baltimore a portion of the western trade which had been diverted from it by the completion in 1825 of the Erie Canal between Albany, N.Y., and Lake Erie, and the introduction of steam navigation on the Mississippi River. This interest led to the formation of a committee of Baltimore business men whose activities resulted in the organization of the Baltimore and Ohio Railroad on April 24, 1827.

The report of that committee emphasizes the importance of Baltimore's geographical position as an inland port. It dealt with the then existing commerce of the port, referred

[fol. 4084] particularly to its commerce with the Susquehanna Valley, and pointed out the possibilities of trade with the west, as follows:

> But important as this trade is to Baltimore (trade with the Susquehanna Valley), it is certainly of minor consideration, when compared to the immense commerce which lies within our grasp to the West, provided we have the enterprise to profit by the advantages which our local situation gives us in reference to that trade. Baltimore lies 200 miles nearer the navigable waters of the West than New York and about 100 miles nearer to them than to Philadelphia, to which may be added the important fact that the easiest, and by far the most practicable route through the ridges of mountains which divide the Atlantic from the western waters, is along the depression formed by the Potomac in its passage through them.

Construction of the railroad commenced July 4, 1828. The line was gradually extended until it reached the Ohio River at Wheeling, W.Va., in 1853, and Parkersburg, W.Va., in 1857. The rate controversy between the rival railroads that eventually resulted in the agreement for the Atlantic port differentials began shortly thereafter. The Baltimore and Ohio was extended to reach Sandusky, Ohio, on Lake Erie, in 1869. In 1852 the New York Central, at that time the only carrier reaching New York Harbor with its own rails, with its connections opened the first through route from New York to Chicago. The Baltimore and Ohio, however, participated to some extent in the New York traffic through a boat line from Baltimore. The Erie [fol. 4085] reached Jersey City in 1862, the Pennsylvania in 1866 or 1867, and the Delaware, Lackawanna and Western in 1869. In 1886, the Baltimore and Ohio, which had been serving New York over lines which became a part of the Pennsylvania System, acquired a route to that port independent of the Pennsylvania. The lines of the Pennsylvania System had been extended to Chicago in 1858, those of the Erie several years later, and the Baltimore and Ohio reached Chicago for the first time in 1874.

By that time there was a network of rail lines extending through the midwest, reaching such points as Columbus,

Cincinnati, Indianapolis, Chicago and St. Louis, and connecting these and other points with the seaboard port cities. However, the controversy between the railroads over port rates and their relationships had been going on for some years. The first known public reference to the controversy appeared in the Washington, D.C., *Evening Star* on January 29, 1859. The story reproduced by that newspaper in its issue of January 29, 1930, under the banner line "Today in Washington", referred to a meeting in Washington of officers of the four railroad systems leading from the Atlantic states to the west, the Baltimore and Ohio, the Pennsylvania, the New York Central and the Erie. The principal topic of discussion was said to be the position of the Baltimore and Ohio with respect to the [fol. 4086] maintenance of freight rates that gave the city of Baltimore alleged important advantages in obtaining western business as compared with New York, served by the New York Central and the Erie, and Philadelphia, served by the Pennsylvania Railroad. The story concludes: "So far as can be learned, the conference adjourned without any amicable settlement of this question, leaving the position of the Baltimore and Ohio unchanged."

History, including the decisions of the Commission, shows that many controversies and rate wars ensued until in a final effort to reconcile their differences, the four railroads on April 5, 1877, entered into a compromise Memorandum of Agreement, reproduced for this record as Exhibit No. —— (D-4), Witness Laux, which fixed the differentials as between the ports of New York, Philadelphia and Baltimore on traffic to and from the general area lying to the west and north of the Ohio River. The agreed differentials were 3 cents, Baltimore under New York, in both directions except that the westbound or import differential was 8 cents on the first and second classes. The Philadelphia differentials under New York were 2 cents and 6 cents respectively. The rates to Boston were at no time to be less than those to New York.

This agreement resulted in substantial concessions on the part of the Baltimore and Philadelphia railroads. For [fol. 4087] example, on April 11, 1868, the Baltimore *Gazette* quoted the following rates on fourth class goods

from New York and Baltimore to various points in the midwest:

To	From New York	From Baltimore
	Cents per Hundred	
Cincinnati	50	30
Louisville	68	48
St. Louis	94	55
Chicago	55	38
Indianapolis	53	35

The substantial differences in favor of Baltimore, reflecting its proximity, are apparent.

By agreements among the carriers, from 1870 to 1876 the differentials Baltimore under New York were 5 cents on grain and the lower classes of freight and 10 cents on first, second and third-class freight. In 1875 the westbound class rates from Philadelphia were on basis of 7, 7, 6, 4 and 3 cents below New York on the five classes, and from Baltimore, 10, 9, 8, 6 and 5 cents on the same classes below New York. In 1876 the carriers agreed upon rates and differences based upon the relative distances between the port cities and western points. The agreed rates were, from Chicago to Baltimore, 13 per cent less than to New York, and to Philadelphia 10 per cent less. These were abandoned after a short period and a rate war ensued until the agreement of April 5, 1877, was adopted. A more complete ac- [fol. 4088] count of this and other phases of the differential history will be found in Appendix B to the Commission's report in the 1925 Boston case, 95 I.C.C. 525.

The differentials were disrupted by disagreements among the carriers of short duration in the early 1880's and again in 1888. Since 1882, however, with the exception of about a one-month period of equalization in 1888, the differentials have continued unchanged to the present time with two principal exceptions. On or about February 1, 1899, a system of special or split differentials was adopted to apply on grain. These were half the standard differentials of Philadelphia 2 cents and Baltimore 3 cents under New York, or 1 cent and 1½ cents, respectively, and resulted from severe competition between the north Atlantic ports and Gulf ports which had greatly depressed the level of

all export grain rates. Similar split differentials were established February 2, 1901, on export iron and steel. These accompanied a general reduction of 33⅓ per cent in the level of export rates to stimulate foreign trade in these articles in a time of depression. They continued in effect until September 6, 1921, when the so-called standard differentials were restored on iron and steel.

It seems appropriate at the outset to refer to a situation, that of ocean rates, which the Port of New York Authority through its Witness Laux, has emphasized as an asserted prime factor in this case. The preamble of the differential [fol. 4089] agreement of 1877 provided that "To avoid all future misunderstandings in respect to the geographical advantages or disadvantages" of the three port cities "and with a view of effecting an equalization of the aggregate cost of rail and ocean transportation" through the ports, the rail differentials were to be as therein agreed upon, with the proviso that the rates to Boston shall at no time be less than those to New York on domestic or foreign freight. Witness Laux deals extensively with the well-known fact that the ocean rates for regular berth service have long been the same to and from all of the north Atlantic ports. It has never been established, however, that the ocean rates differed by the amounts of the differentials when the differential agreement was entered into or at any time since. As early as 1905, the Commission in 11, I.C.C. 13, 67 expressed the view that the differentials exceeded the differences in ocean rates and went on to say that "in our opinion they always have from the very first."

The opinion seems to be borne out by the report of Albert Fink, Commissioner of the Trunk Lines, to whom the matter of differential rates had been referred for study. The report, dated December 1, 1881, is reproduced in Daish's "Atlantic Port Differentials" at page 9 et seq. It discusses the ocean rates and differences in 1877 and 1880 as follows, Daish p. 27:

> [fol. 4090] Statement G has been prepared to show the quotation of ocean rates during the last four years, and from it it appears that the ocean rates via steam from Philadelphia to Liverpool, which were four cents higher than from New York in 1877, were only 1.7 cents higher in 1880, and from Baltimore they were

4.6 cents higher in 1877, and 2.6 cents higher in 1880. But the rates via sail (to Cork, for orders) have not changed to so great an extent. They were more nearly the same than steam from all points in 1877, and remain so. At Philadelphia, in 1877, they were 0.2 cents less per hundred pounds, and in 1880, 0.7 cents less than from New York; and at Baltimore 0.3 cents higher in 1877, and in 1880, 0.5 cents higher than from New York.

To ascertain the average rate from the three ports, the relative quantities exported by steam and sail have to be taken into consideration. Statement K contains an estimate of the average rate during the whole of the year 1880, and also during the first and last six months of the year. The average ocean rate during the year, and the differences in the rates between Philadelphia and Baltimore and New York, were as follows:

Average Ocean Rates, Steam and Sail
Per Hundred Pounds in 1880

From New York	Philadelphia	Baltimore
22.81c	23.79c	24.71c
Higher than from New York	0.98c	1.90c

In a decision rendered in 1912, 24, I.C.C. 55, 74, the Commission went further and said that "We have no jurisdiction over the ocean rates and must deal with this question as though the ports were destinations instead of gateways." Still later, in the Boston case to which I have previously referred, the Commission stated at page 554 that "on the other hand it appears that, since World War I at least, it has been and is now the generally prevailing [fol. 4091] policy to equalize these ocean rates." Nevertheless, upon consideration of an extensive record in that case in support of complaints against the differentials on behalf of the port of Boston and other New England ports, the Commission found that the rates assailed were not unjust, unreasonable, or unduly prejudicial, to the New England ports or unduly preferential to the other ports as alleged and dismissed the complaints.

It is settled, therefore, that ocean rates are not determinative of the question of the propriety or lawfulness of

the differentials. It may be added that the Commission also upheld the differentials in the numerous cases that came before it following the 1925 decision and during the period since the ocean rates were equalized. In one of these, the Albany case, 210 I.C.C. 151, it prescribed export-import rates for the port of Albany on the Philadelphia basis, reflecting the differentials of 6 and 2 cents under New York and 2 cents and one cent over Baltimore. Its determination was based primarily, page 165, upon the average distances from the central territory key points to New York, Philadelphia, Albany and Baltimore and the differences in those average distances.

The Commission in its differential decisions over the years has found as facts the numerous conditions that it has considered to be proper tests of the propriety and law- [fol. 4092] fulness of the differentials. Substantially all of these pertinent conditions were and are advantages attaching to the port of New York that tend to offset and overcome the competitive force that the differentials otherwise might be expected to have. These advantages of the port of New York as found by the Commission can best be examined in the light of the general principle by which the differentials have been tested from the beginning. It is the principle of competitive opportunity and was first stated by Fink in his report of December 1, 1881. The principle on which Fink approached the subject, Daish, page 11, was stated by him as follows:

> The object is to determine the relative charges for transportation by rail to the seaboard cities, with the view of securing to each of the competing railroad companies a fair share of the traffic, without at the same time unjustly discriminating between the commercial communities, each of which must have an equal chance, unrestricted by arbitrary transportation charges, to compete with the other in the markets of the world.

Following the Fink report the railroads early in 1882 appointed what was known as the Thurman-Washburn-Cooley Advisory Commission to further study the problems of the controversy and report its conclusions. That Commission in its report of July 20, 1882, Daish p. 71 et

seq., (Witness Baylis' Exhibit No. —— (AEB-1) in this case) stated as the basis of its conclusion that the agreed differentials be not disturbed; that "differential rates have [fol. 4093] come into existence under the operation of competitive forces; they bear some relation to relative distance and relative cost of service; they recognize as we think the relative advantages of the several seaports * * *"

The Commission in 1905, 11 I.C.C. 13, 62, stated the principle thus:

> If it can be properly done, these ports should all be kept open for the transaction of this export business upon such terms that each one may fairly compete for it. No marked advantage should be given, certainly not by the creation of artificial conditions to any one port over the other. The ideal condition would be the establishment of such rates that enterprise at either port in the way of improvement in service or facilities might be rewarded by increased business and that there might exist that healthy struggle of locality against locality which is the best security for proper commercial development. This is justly demanded by the interests of the communities involved.

In that same proceeding, in which the Commission was acting in an advisory capacity rather than as a regulatory tribunal, it enumerated New York's many competitive advantages of that time as follows:

> New York offers advantages in the way of ocean transportation not obtainable at any other port.
>
> There are more sailings from New York than from the out-ports, and its steamship lines reach many foreign ports which are not served by lines from Baltimore, Philadelphia or Boston.
>
> Its steamships are faster and larger.
>
> The enormous passenger business through the port of New York of itself, goes far towards the maintenance of many of these lines.
>
> Cargoes of import traffic are much more easily loaded for New York than for the out-ports.

[fol. 4094] The banking facilities at the port of New York are superior to those elsewhere.

From these factual findings the Commission summarized its conclusions with respect to New York advantages in steamship service by observing, page 28, that—

> Broadly speaking the shipper can secure a better, more reliable, quicker and more frequent service through the port of New York, all of which tends to attract traffic to that port at the expense of Baltimore and Philadelphia when the rate is the same.

Much later, in 1930, the Commission in *Export and Import Rates*, 169 I.C.C. 13, 50-51, decided December 12 of that year, found and stated the following facts with respect to New York's advantages over other ports:

> Because the great majority of exporters are located at New York and the bulk of the export commerce is handled at that port, exportable products of every variety from practically all parts of the country move in great volume to that point, so that the conditions there are especially favorable for assembling and consolidating property from all sections intended for one consignee and sending it forward on one bill of lading and invoice. It is admitted that conditions at other ports, in this respect, are not comparable with those at the port of New York and that shippers are inclined to forward their freight via that port in preference to others because it is the only port where they feel assured that consolidations to any extent can be secured.
>
> With respect to other conditions urged by applicants and interveners as advantages possessed by north Atlantic ports, such as superior banking facilities, larger number of export and import brokers and trade representatives of foreign countries, greater consumption and production of high-grade import and export freight [fol. 4095] at and near the said ports, and opportunity for supervision and inspection of shipments, it is admitted that this is true of the port of New York.

Other ports in the north Atlantic group do not possess the advantages enjoyed by the port of New York and in some respects labor under handicaps similar to those suffered by the southern ports, in their efforts to build up their foreign commerce. Some of them are nearer the interior territory than New York and have lower rates than those which apply to and from that port.

The testimony and exhibits of other witnesses in this proceeding show that the various factors favoring New York operate as forcefully and effectively today in its behalf as they did in the past. The evidence of those witnesses shows specifically and in detail the predominance of New York in such commerce-attracting factors as steamship service, both in quantity and directness; banking facilities linking that port with all parts of the world; foreign-freight-forwarder and customhouse-broker services; trade marts or commodity brokers; and headquarters or principal agency offices of most of the steamship lines serving Baltimore and the other ports to the south of New York. The evidence to which I refer further shows, as I shall briefly point out farther along in my statement, that because of its many competitive advantages, New York continued to be the dominant port for high-grade general-cargo traffic that it was in the earlier years. The present force of these advantages is specifically established by freight-forwarder [fol. 4096] and shipper witnesses Charles A. Masson, Samuel Shapiro, Walter V. Connor, Victor F. Stine, J. V. Jamison, 3rd, Robert M. Pilson, C. Gilbert Kappel, A. B. Summers, Geoffrey M. Footner and Norman Wittkamp.

From my study of the various angles of this case and my past associations with port differential matters, I reach the inescapable conclusion that the real issue presented is between the port of New York, on the one hand, and the differentially related ports to the south of New York, on the other. I reach this conclusion because it seems fundamental that so long as Boston and other ports to the north of New York have the same rail rates to and from differential territory as does New York, and below which they cannot justifiably be placed, no change in the port relation-

ships to the south of New York, by which I mean removal of the differentials, would benefit those ports. I found this conclusion upon the basic fact that, laboring under a parity of rates with New York, the more northerly ports would not be in any better position to attract either bottom or top cargo past the doors of the port of New York under full port equalization than they are today.

The soundness of this conclusion is emphasized by the testimony of Witness Ellis for the Port of Boston Commission, who gives the results of a survey of New England manufacturers engaged in exporting. His analysis of the [fol. 4097] survey shows that, although the land transportation rates are lower to Boston than to New York from the larger number of New England exporting points, the majority of the exporting firms use the port of New York much more extensively than the port of Boston because of the availability of steamship service and more frequent sailings from New York to most foreign destinations.

Under full equalization New York, already dominating the high-grade general-cargo volume of the north Atlantic range, in my judgment would be the beneficiary at the expense of the less prosperous ports to the south.

In commenting on Boston's declining port commerce, the Commission noted in the 1925 Boston case, page 564, that the difficulty had arisen from several factors including "the fact that Boston has had equal rates with New York, its nearest and most powerful competitor." It then observed, page 565, that "Complainants, however, are not seeking lower rates than New York, and it will hardly be contended that they could seek such rates under any provision of the Interstate Commerce Act."

With respect to the issue as between New York and Baltimore, the other controlling considerations as developed by the record, as I see them, are the transportation costs between interior points and shipside at the ports, which are [fol. 4098] being submitted by certain of the respondents; the non-rail-service advantages or disadvantages of the ports; and the distribution of the commerce through the ports. I have already referred to the advantages of the port of New York in respect to steamship service, banking facilities and other factors which are detailed in the evi-

dence of other witnesses, and which do not have approaching counterparts at Baltimore or at any of the other ports to the south of New York.

Without going into the details of these various advantages of New York which are being covered by other witnesses, I might point to certain comparisons of Baltimore's steamship service with that of New York. Witness Hamill's Exhibit No. —— (WSH-2) summarizes certain of the facts contained in his Exhibit No. —— (WSH-1) which shows the movements of all general-cargo vessels entering or clearing the north Atlantic ports, Boston and south, in the last six months of the year 1956. These summaries show, for example, that during the six-months period New York had totals of 2299 vessel arrivals and 2385 departures. Of these, 1475 of the arrivals, or 64 per cent, were direct from foreign ports and 1792 of the departures, or 75 per cent, were direct to foreign ports; that is, New York was the first port of call inbound by 64 per cent of the vessels and the last [fol. 4099] port of departure outbound by 75 per cent. By contrast, in the same period Baltimore had a total of only 1155 arrivals, or 50 per cent as many as New York, and only 1233 departures, or 52 per cent of the number that departed from New York. The real contrast lies, however, in the Baltimore direct arrivals and departures. Inbound, Baltimore had only 229 direct arrivals or 17.8 per cent of its total, compared with New York's 64 per cent, and outbound only 162 direct departures or only 13 per cent of its total, contrasted with New York's 75 per cent. These comparisons graphically illustrate New York's traffic-attracting advantages in steamship service.

It should be noted that Baltimore's present service, largely indirect and inferior to New York's, constitutes a marked change from the type of services which it had when the differential agreement was entered into, and for many years following—apparently until all ocean services were disrupted by World War I. During those years Baltimore benefited by direct services to a variety of foreign areas, and shipments via its port were not subjected to delays by reason of preferential services to New York by the same vessels. Outstanding examples are the services provided weekly for many years by North German Lloyd between

Baltimore and Bremen, and by Allan Line between Baltimore and Liverpool via Halifax.

[fol. 4100] Comparisons of the commerce through the ports show the controlling force of New York's steamship service and other advantages that enable it to dominate the general-cargo traffic through the north Atlantic range.

I should like to refer briefly to the total commerce of the seven north Atlantic ports as shown in Witness Campbell's Exhibit No. —— (V-1) of exports and Witness Bean's Exhibit No. —— (D-1) of imports, for the years 1930, 1935, 1939 and the years 1946-1955, inclusive. These two exhibits are summarized in Witness Campbell's Exhibit No. —— (VD-1), which shows the totals for each of the seven ports and for the United States; the totals remaining after the exclusion of the principal bulk commodities, namely, coal and grain from the exports and petroleum and ores from the imports; and the percentage participation of each port in the totals remaining after the exclusions.

Coal is a non-differential-territory export usually captive to the port through which it is exported, and which moves principally in full-cargo lots in tramp or chartered vessels. Grain is subject to special differentials lower than the standard differentials, requires special or exclusive terminal facilities and to a considerable extent moves in full-cargo lots. Petroleum moves in tankers to the seaboard refineries and does not go to differential territory. Ores [fol. 4101] move in large quantities and to a considerable extent in full cargoes in chartered or private vessels. The schedules under suspension do not propose to change rates on ores except in a very few isolated instances.

The remainders after the exclusions consist primarily of general-cargo traffic and are so referred to hereafter. While the summary tables in Witness Campbell's Exhibit No. —— (VD-1) show fluctuations in individual port participations during the 13-year period, they also show that the participation of one port out of the seven ports—New York—ranged from 58.36 per cent to 71.63 per cent of the total exports of the seven ports, with 60.38 per cent in 1955, and from 47 to 56.5 per cent of the imports, with 53.9 per cent in 1955. New York's participation in the combined exports

and imports ranged from 53.7 to 63.9 per cent in the 13-year period, and was 56.88 per cent in 1955.

I regard this evidence of the general-cargo traffic volume through one port in a seven-port range, exceeding that of its six sister ports combined, as one of the more significant factors bearing upon the issues and merits of this case. While the greater portion of this traffic did not move to and from differential territory, as will appear from other evidence of record, this showing demonstrates the volume of general-cargo traffic that is available to the port of New [fol. 4102] York and not to the other ports. By contrast, Baltimore's participation in the combined general-cargo export and import totals in the 13-year period ranged from 7.02 per cent to 2.88 per cent and was 4.4 per cent in 1955. The participation of the other ports south of New York in the comparable export-import totals in 1955 was 5.16 per cent for Philadelphia and 2.24 per cent for Hampton Roads.

The port commerce value statistics shown in Witness Campbell's Exhibit No. —— (V-3) emphasize the pervading effect of New York's advantages in the attraction of high-grade general cargo through that port. Page 6 of that exhibit gives the total values of exports and imports combined for the year 1955. The total value of the exports and imports for the ports of Philadelphia, Baltimore and Hampton Roads was $3,012,430,000 and for the port of New York $7,163,400,000 or 237.8 per cent of the total for the three ports to the south. The value of New York's exports was 215.8 per cent and of its imports 264 per cent of the totals for the three ports. New York's percentage of the combined value of the Baltimore exports and imports—$955,500,000—was 749. Excluding coal, grain and unmanufactured tobacco from the export figures—unmanufactured tobacco originating principally in the Virginia-Carolina area and moving almost entirely through Hampton Roads—and petroleum and ores from the import values, leaves net-value [fol. 4103] export-import totals of $1,440,421,000 for the three ports and $6,507,368,000 for New York, the New York value being 450 per cent of that for the three ports.

Turning now to the traffic that would be directly affected by the proposed rates under suspension in this case, the results of studies of this traffic by the New York-and-south

railroads are shown in Witness Crookshank's Exhibits No. —— (AJS-13) and No. —— (AJS-14) and Witness Mollman's Exhibit No. —— (MM-2) for the period August 1955 to July 1956 inclusive. I have combined the results of the two studies to obtain the totals used in the analysis and comparisons which I make.

The totals of differential-territory exports shown in the exhibits are 3,303,499 tons to Baltimore and 2,393,045 tons to New York. Exlusion of the grain movements of 2,306,704 tons to Baltimore and 203,131 tons to New York, leaves what may be termed general-cargo totals of 996,795 tons to Baltimore and 2,189,914 tons to New York, or a total to New York 219 per cent of that to Baltimore. Again excluding grain, the export total for the three ports of Philadelphia, Baltimore and Hampton Roads was 1,309,875 tons, of which New York's net total of 2,189,914 tons was 167 per cent. The exports of manufactured iron and steel, an important bottom cargo, amounted to 352,992 tons through Baltimore as compared with 580,073 tons through New York, which was 164 per cent of the Baltimore movement. [fol. 4104] Manufactures and miscellaneous, less iron and steel, and an important general-cargo category, amounted to 529,450 tons through Baltimore and 1,330,400 tons through New York or 251 per cent of the Baltimore exports.

The differential-territory imports for the same one-year period shown by the studies disclose a similar imbalance in favor of New York. While the totals show 1,644,844 tons through Baltimore to the territory as compared with 645,972 tons through New York, exclusions of ores and concentrates from the studies leave net totals of 294,297 tons through Baltimore and 617,480 tons, or 209 per cent of Baltimore's net total, through New York. New York's 354,352 tons of manufactures and miscellaneous imports was 168 per cent of Baltimore's 209,975 tons. With ores excluded, New York's net total imports of 617,480 tons was 107 per cent of the combined total of 575,735 tons for the ports of Philadelphia, Baltimore and Hampton Roads.

The conclusion is inescapable that under rate equalization New York not only would increase its predominant lead in general-cargo exports and imports from and to differential territory but draw away from Baltimore and the

other southerly ports bulk traffic upon which they have had to heavily depend. I find no factual feature of this case that differs materially from those of previous cases in which the differentials have been upheld by the Commission.

[fol. 4105] There is a transportation condition that I have not mentioned heretofore which has contributed to New York's supremacy as a port under the rate-differential system and which in my judgment would operate even more to its advantage under equalization. I refer to the fact that the only two Baltimore railroads that reach differential territory with their own lines, the Baltimore and Ohio and the Pennsylvania, also serve the port of New York and must seek New York traffic in competing with the other lines that serve that port; whereas two of the important differential-territory lines that serve New York, the New York Central and the Erie, do not serve Baltimore. Thus, New York has four direct rail systems that connect it with all parts of differential territory, including the only two that serve Baltimore, an important disparity in competitive rail service favoring New York.

In the concluding part of his testimony, Witness Laux, for the Port of New York Authority, has stressed competition of the St. Lawrence Seaway as a factor supporting equalization. The substance of his testimony on this point is that equalization is necessary to enable New York to compete with the Seaway; and he asserts that if the Baltimore differential under New York were continued, "the result would be merely to shift the traffic from the ocean carriers [fol. 4106] employing the Great Lakes routes to the port of Baltimore."

I should like to preface my statement on this contention of the proponents of equalization by pointing out that, being unable to successfully compete with the port of New York for general-cargo traffic even under the differential, Baltimore has had to depend heavily upon bulk types of traffic such as grain and ores.

Commerce and traffic statistics of record to which I have referred show clearly the large extent to which Baltimore's port commerce consists of grain exports and ore imports, bulk commodities which have been given prominent places in estimates of the future seaway commerce. The traffic

study exhibits of Witnesses Crookshank and Mollman do not show movements of iron ore from the ports to differential territory, although Witness Mollman's exhibit shows better than a million and a third tons of other ores and concentrates from Baltimore to that area. There is, however, an important movement of iron ore from Baltimore to the general area in which Baltimore is competitive with the St. Lawrence Seaway, as will appear from facts stated in the Commission's decision in *Iron Ore from Eastern Ports to Central Freight Association Points*, 299, I.C.C. 195, at pages 200 and 202.

Studies of the potential traffic volume and consist on the Seaway made for the St. Lawrence Seaway Development [fol. 4107] Corporation, have developed the estimate that the future traffic over the Seaway will be in the proportions of about 20 per cent general cargo and 80 per cent bulk cargo. It seems readily apparent, therefore, that New York, predominantly a general-cargo port, will feel the impact of seaway competition much less than Baltimore which, handicapped by competitive disabilities in competing with New York for general-cargo traffic, is primarily a bulk-cargo port. Equalization would damage Baltimore to a much greater extent than it would benefit New York so far as St. Lawrence Seaway competition is concerned.

[fol. 4108] VERIFICATION

Charles R. Seal, being duly sworn, deposes and says: That he is the person who made the foregoing statement, that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Charles R. Seal
Charles R. Seal

Subscribed in my presence, and sworn to before me, by the affiant above named, this 15th day of October 1957.

(S) Edna Brown
Edna Brown
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4109]

I.C.C. EXHIBIT No. 87

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF W. C. SAWYER

My name is W. C. Sawyer and I reside at Lynnhaven, Virginia. My office is at Lamberts Point, Norfolk, Virginia. I am Foreign Freight Traffic Manager of Norfolk and Western Railway Company, which serves the Port of Norfolk.

My transportation experience extends over a period of 42 years, all with the Norfolk and Western. From September 15, 1915, to June 30, 1924, I was a clerk at the Norfolk Terminal and, effective July 1, 1924, I was appointed Foreign Freight Solicitor in Chicago. I remained in Chicago in that position and as Assistant Foreign Freight Agent until October 31, 1926. Effective November 1, 1926, I was appointed Assistant Foreign Freight Agent at New York, which position I held until June 30, 1936, when I was appointed Foreign Freight Agent in New York. I held that position until June 30, 1940, when I was appointed General Foreign Freight Agent, also in New York. On October 1, [fol. 4110] 1953, I was promoted to Foreign Freight Traffic Manager at New York and on August 1, 1954, I was appointed Foreign Freight Traffic Manager with offices at Norfolk.

In my present position as Foreign Freight Traffic Manager of the N&W, I am in direct charge of the solicitation

of import and export freight via the lines of the Norfolk and Western to and from Norfolk. It is part of my job to be thoroughly familiar with the various factors which control the movement of import and export traffic between points in the Midwest and the various North Atlantic ports. As a matter of fact, I was stationed in New York for some 28 years and during that time I became well acquainted with the situation at that port and, in particular, with the many competitive advantages which New York enjoys in contrast with the Port of Norfolk. It is part of my every day duties to solicit freight for Norfolk against the Port of New York, and I know only too well that the Port of New York is a formidable competitor.

I will first introduce Exhibit No. —— (WCS-1), a map of the area in and around the Port of Norfolk, which is located on the eastern side of Hampton Roads and embraces three cities—Norfolk, Portsmouth and South Norfolk. This map shows the various railroads serving Norfolk and the location of the six terminals that handle general merchandise and military traffic.

I would like to point out there that Hampton Roads is served by the following railroads: Norfolk and Western, [fol. 4111] Virginian, Chesapeake and Ohio, Pennsylvania, Atlantic and Danville, Atlantic Coast Line, Seaboard Air Line, Southern Railway Company, Norfolk Southern, and Norfolk and Portsmouth Belt Line.

The last named railroad, the Norfolk and Portsmouth Belt Line, is merely a switching road which is jointly owned by other roads serving Norfolk, except the Atlantic and Danville. The Chesapeake and Ohio serves Norfolk by means of a car float from its terminal at Newport News, Virginia.

Of the railroads which serve Hampton Roads, only the N&W, the Virginian, the C&O, and the Pennsylvania are important in the movement of import and export traffic to and from differential territory. While all of the Norfolk lines participate in joint through rates on this traffic, only the four roads just mentioned carry any significant amount of import or export traffic from or to this territory. To illustrate this fact, we made a check of traffic moving over our Lamberts Point and Sewells Point piers for the year

1956 and find that the Southern Railway handled only two cars during that period and the A&D only 16 cars to and from differential territory. This, of course, is insignificant considering the fact that in that same year the Norfolk and Western handled a total of 20,873 cars of import and export traffic to and from differential territory points.

[fol. 4112] I turn now to a description of the terminal facilities at Norfolk for interchange of rail and water traffic. At the outset, I would like to point out that with the exception of the Army Base, which is devoted, for the most part, to the handling of military traffic, these facilities are all privately owned and operated. At the Port of Norfolk, unlike the Port of New York, private capital has provided the piers and other terminal facilities for handling of water traffic. Unless Norfolk is able to hold this traffic, these privately owned and operated facilities cannot continue in operation.

For the most part, the terminal facilities at Norfolk are owned by the railroads and the principal facilities are those of the Norfolk and Western. Approximately 75% of the ships serving Norfolk which are operated in established services berth at these terminals.

The Norfolk and Western's merchandise terminals at Norfolk are located on the Elizabeth River at Lamberts Point and at Sewells Point. In addition, we have a large coal-handling facility at Lamberts Point.

I will now introduce as Exhibit No. —— (WCS-2) a photograph showing our merchandise terminals at Lamberts Point. These terminals comprise three covered merchandise piers and connecting warehouses providing a large amount of storage space.

The largest of the piers is Pier "N," shown on the left of the exhibit. This pier was opened in 1948 and represents [fol. 4113] an investment of approximately $6 million. It is modern in every respect and is the largest single-deck merchandise pier on the Atlantic Seaboard.

Pier "N" is 390 feet wide, 1100 feet long and can accommodate four large freighters simultaneously. It is served by six railway tracks, two on each 35-foot apron and two depressed tracks extending through the center of the pier shed. Cars on the apron tracks can be loaded or unloaded

by the ship's tackle. We have a water depth of 35 feet at mean low tide.

My Exhibit No. —— (WCS-2) also shows our other two merchandise piers at Lamberts Point. The center pier is Pier "L," which is 1150 feet long and 205 feet wide with an 18-foot apron on each side. Four ships can be berthed simultaneously at Pier "L."

The other pier shown is our Pier "S," which is 1210 feet long and 205 feet wide.

Pier "L" is served by two depressed tracks through its center and one apron track on its south side. Pier "S" was designed primarily for ships moving in the coastwise trade and is particularly adaptable to ships having port-side hatches. It has four depressed tracks through its center. These piers are supported by eight warehouses having a total of 825,000 square feet.

I will now introduce as Exhibit No. —— (WCS-3) a photograph of our facilities at Sewells Point. At Sewells Point we have two piers, Pier "A" and Pier "B." Both [fol. 4114] piers are 1175 feet long and are supported by a warehouse which is situated between them and extends their full length and which has a storage space of 155,000 square feet. Each pier can accommodate two ships simultaneously.

Also shown on my Exhibit —— (WCS-3) is our modern grain elevator which has a two million bushel storage capacity. Prior to 1952, we operated this elevator ourselves, but in that year we leased it to the Continental Grain Company which has since operated it as a public facility.

I would like to point out that the merchandise terminal facilities of the Norfolk and Western Railway which I have described, together with supporting rail facilities, represent an investment of over $17,800,000. These facilities are maintained to provide the Port of Norfolk with ample means for handling water-borne freight. The Lamberts Point facilities which I have just described are located on the rails of the Norfolk and Western, while the Sewells Point terminal is served by the Norfolk and Portsmouth Belt Line. Unlike railroad terminals in most other ports, however, these facilities are open equally to all railroads serving the port by means of reciprocal switching arrange-

ments. As a matter of fact, the Norfolk and Western does not itself operate these facilities but has leased them to a public terminal operator, Lamberts Point Docks, Inc., which performs wharfage, handling and storage services under the provisions of contracts with the various railroads.

[fol. 4115] Next to the Norfolk and Western's facilities which I have described, the largest terminal is at the Army Base. These facilities consist of two large covered concrete piers 1328 feet by 250 feet with 40-foot aprons. These piers can each accommodate four ocean-going vessels at the same time.

This facility is owned by the United States Government and is officially known as the Hampton Roads Army Terminal. It is administered by the Maritime Administration, Department of Commerce, and leased by that agency to the Departments of the Army and the Navy. This facility is principally used for the handling of military supplies and equipment moving to our military bases overseas and to the NATO nations.

There is some civilian traffic handled through the terminal, however. The Whitehall Terminal Corporation of Norfolk leases and operates that portion of the facility assigned to the Department of the Army. The warehouse, however, is limited and only about 180,000 square feet are assigned to the Whitehall Terminal Corporation for civilian traffic.

A brief description of other terminal facilities at Norfolk is as follows:

Imperial Docks—Norfolk—This facility consists of two merchandise piers with storage buildings on piers serving as warehouses. Pier 2 is 52 feet wide, 479 feet long and served by one track. It has one 30-foot apron on the north side and can accommodate one vessel.

[fol. 4116] Pier 3 at Imperial Docks is 27 feet wide, 424 feet long and served by one track. It has one 25-foot apron on the south side and can accommodate one ocean-going vessel.

Imperial Docks is owned and operated by Imperial Tobacco Co., Ltd. (of Great Britain and Ireland), as a public terminal. It offers about 142,860 square feet of storage

space. It is used almost exclusively for the handling and storage of export leaf tobacco. This commodity, of course, does not originate in so-called "differential" territory.

Southern Railway Company-Pinners Point-Portsmouth—At Pinners Point, Portsmouth, the Southern Railway Company has two merchandise piers with pier sheds serving as warehouses. These piers are known as Pier 2 and Pier 4. Pier 2 is 279 feet wide, 719 feet long and served by two tracks. It has a 16-foot apron on the north side and a 6-foot apron on the south side. It can accommodate one ocean-going vessel on the north side.

Pier 4 is 287 feet wide, 828 feet long and served by three tracks. The aprons on either side are 17 feet wide. This pier can accommodate two ocean-going vessels—one on each side. The aggregate floor space of the two warehouses on Piers 2 and 4 is 425,800 square feet.

The Southern Railway has leased this facility to Southern Tidewater Terminals, Inc., Norfolk, Virginia, which operates it as a public terminal. Its principal activity is the storage of import newsprint paper and export leaf tobacco.

[fol. 4117] *Elizabeth River Terminals, Inc.—South Norfolk*—The Elizabeth River Terminals, Inc., at South Norfolk, Virginia, consists of one merchandise pier and two supporting warehouses. The pier is 30 feet wide and 450 feet long. It is a quay-type pier with no rail tracks. Bulk cargo is handled between ships and warehouses by a conveyor system and package commodities are handled by motorized equipment. It can accommodate only one ocean-going vessel.

The aggregate floor space of the two warehouses, which are served by three tracks, is 110,000 square feet.

This terminal is owned by the Smith-Douglass Company, Inc., Norfolk, and operated as a public facility. It specializes in the handling of dry cargo, in bulk, and is the only terminal in the port equipped to bag commodities for export or shipment to the interior.

I now introduce as Exhibit —— (WCS-4) a composite statement of ship berths and warehouse space available at the Port of Norfolk for handling and storage of waterborne commercial traffc. This exhibit summarizes the in-

formation I have just given in detail. It will be noted that the total available berths for commercial traffic in Norfolk is 20 and the total available warehouse space is 1,838,660 square feet.

Some idea of the comparative importance of these various terminals may be gleaned from the fact that in 1956 the N&W carried in line haul service from and to its Lamberts [fol. 4118] Point and Sewells Point piers a total of 25,451 cars of import and export freight to all destinations against 4,239 cars to and from the Army Base and 1,717 cars to and from all other terminals at Norfolk.

I now turn to the competitive position of the Port of Norfolk and the need for retention of present port differentials. It is my specific responsibility to develop port traffic through Norfolk and in that regard I am obliged to keep abreast of important developments affecting the facilities and services at other North Atlantic ports, especially New York.

In my opinion, Hampton Roads has been unable to attract nearly as much traffic as it should. As the traffic studies submitted in this case show, New York enjoys much more traffic to and from differential territory than does Hampton Roads, despite Hampton Roads' rate advantage. I am convinced that the reason for this is that New York has service advantages and other attractions which far outweigh, as to most traffic, the small rate advantage which Hampton Roads enjoys.

One of the principal service advantages enjoyed by New York is frequency of ocean services and range of foreign destinations. From my soliciting experience, I am well acquainted with the fact that New York has unexcelled frequency and flexibility of steamship services and time and again we lose business to New York because of that fact.

[fol. 4119] Unexplained statements as to number of sailings from Hampton Roads compared with other ports may be misleading because of our heavy export coal shipments. For instance, statistics of the Hampton Roads Maritime Association show that in 1956 arrivals and departures at Hampton Roads totaled 17,066, divided: arrivals—8,493; departures—8,573. A breakdown of arrivals with respect

to types of commodities to be loaded or discharged was as follows:

General Cargo	3,182
Coal	4,564
Tankers	622
Tugs	125
Total	8,493

By contrast, the Port of New York had a total of 25,433 arrivals and sailings during 1956, according to statistics published by the Maritime Association, Port of New York. Of these, 18,546 were in the dry cargo and passenger trade and 5,887 were tankers.

Hampton Roads is not competitive with New York insofar as general cargo and liner ship services are concerned. New York has regular and frequent sailings to all world ports, a distinct advantage that the Hampton Roads ports do not have. In fact, the October 29, 1956, and June 24, 1957, issues of "The Forwarder" (a recognized trade publication relied upon by Mr. Laux for the Port of New York Authority) show that New York is, in practically all in- [fol. 4120] stances, the last port of loading for export or outbound cargo. This feature is of prime importance to exporters generally as it permits them additional time in which to move cargo to Seaboard.

In that connection, I would like to point out that Mr. Laux in his testimony referred to sailings during the fall months. This is definitely not a representative period for Hampton Roads, as it is the peak season for tobacco shipments, the season for which begins in August and extends through January, with the preponderance of the tonnage clearing in September, October and November, destined for the United Kingdom, Western Europe and the Far East. This tobacco, of course, does not come from differential territory.

Mr. Laux's Exhibit K-1 shows sailings listed in the October 29, 1956, issue of "The Forwarder"—the height of the tobacco shipping season. The June 24, 1957, issue of that publication lists 301 foreign ports to which New York had

advertised sailings during the period extending from the last half of June through the third week of July. In the same issue, for the same period, only 162 ports are shown as being served by ships from Hampton Roads, with no services to the remaining 139 ports.

Generally speaking, steamship lines give preferential treatment to New York in the development of general cargo traffic; also, perishable commodities that require refrigeration. This practice is traceable to a number of conditions, [fol. 4121] the more important being:

1. Many steamship lines lease their own piers at New York and desire to make maximum use of them.

2. New York is nominated as the first port of discharge —westbound, and the last port of loading—eastbound.

3. New York enjoys the services of several hundred international freight forwarders. By contrast, the Hampton Roads ports have only a handful.

4. A stupendous amount of merchandise traffic originates within a 150 to 200-mile radius of New York, which, for the most part, moves in motor truck service because of the time element.

5. Consolidated pool cars are concentrated on New York because of diversified and frequent ship sailings to all world ports. These cars usually contain 15 or more individual shipments.

New York is in an enviable position in that international freight forwarders are located there and represent foreign connections, influence the movement of export and import traffic to that port and have no interests at or in the Port of Norfolk. I know it to be a fact that they refrain from suggesting to their clients that ports other than New York be used, because to do so would necessitate dividing fees with local forwarders.

It has been our experience in the development of foreign commerce via Norfolk that banks at New York are desig- [fol. 4122] nated to handle the preponderance of all letters of credit, and these documents specifically indicate on board bills of lading at New York. This means that in order for

the Port of Norfolk to participate in such movements, it is necessary we endeavor to have the exporter and/or importer establish or amend letters of credit to provide for clearance or entry at any port north of Hatteras.

International banking is another field in which the Port of New York is dominant. World conditions have been such, especially since World War II, that financing and exchange problems have become one of the limiting factors to an expanding level of international trade. American banks have expanded their facilities to meet the increasing demands of their clients for export-import information and services. Few international trade transactions are made without the advice or services of the foreign department of a bank.

New York, being the foremost banking center of not only the United States but of the world, has an unmatched concentration of banks with foreign departments. These banks offer a wide variety of international services. They finance imports and exports, carry on foreign exchange operations, collect and loan against dollar drafts drawn on foreign buyers and make remittances to foreign countries in either dollars or foreign exchange.

The New York banks also act as correspondents for banks throughout the United States which channel the information about, if not control of, the shipments to the Port of [fol. 4123] New York. One of the greatest difficulties we encounter in trying to develop business for Norfolk is the fact that letters of credit, for the most part, direct that clearance be via the Port of New York.

I have to this point mentioned only a few of the reasons for New York's dominant position in the foreign trade field. Other witnesses are covering this matter in detail, and I will not undertake to go over this ground again. However, I will say that I have read the special study prepared by Tippetts-Abbett-McCarthy-Stratton covering a survey of port services at New York, Philadelphia, Baltimore and Hampton Roads, and I believe that the services therein studied all contribute to the ability of New York to attract and hold foreign traffic. As this study shows, Hampton Roads is usually fourth among the four ports as to available port services.

As contrasted with the many advantages offered by the Port of New York, Hampton Roads has only one real advantage to the shipper—lower inland freight rates. Since our differential is our only real advantage, we will have no "selling point" of value if the Port of New York is successful in this case. In the event of such success, I predict a serious loss of traffic to New York, one which might be disastrous to the future of the Port of Hampton Roads. Such a loss would inevitably result in the deterioration of private pier facilities at the port with consequent serious implications for national defense.

[fol. 4124] The importance of the Port of Hampton Roads to the national defense cannot be overemphasized. In World War II, Hampton Roads was third in total tonnage handled, following New York and San Francisco. Some idea of the importance of the port is indicated by my Exhibit No. —— (WCS-5), which I now introduce. This shows the total military traffic handled through the various ports during the period December 1, 1941, through December 31, 1945.

The importance of the Hampton Roads area to our Government is further amplified by the numerous and varied military installations located in the Hampton Roads ports area; the primary ones being:

U.S. NAVAL STATION, NORFOLK, VIRGINIA

This is the headquarters of the Atlantic Fleet and the home of the Supreme Allied Commander, Atlantic Fleet, the latter of which comprises the navies of the North Atlantic Treaty Organization.

U.S. NAVAL AIR STATION, NORFOLK, VIRGINIA

Headquarters of the Naval Air Force, Atlantic Fleet.

U.S. NAVAL AMPHIBIOUS BASE (Little Creek), NORFOLK, VIRGINIA

Training location for the amphibious forces of the Atlantic Fleet, including Fleet Marine Forces.

U.S. NAVAL SUPPLY CENTER, NORFOLK, VIRGINIA

This activity furnishes all supplies to the Atlantic Fleet and near-by Naval shore installations.

[fol. 4125]

ARMED FORCES STAFF COLLEGE, NORFOLK, VIRGINIA

This is a school consisting of two 5-month courses, annually, the students being senior officers from all branches of the military.

HAMPTON ROADS ARMY TERMINAL, NORFOLK, VIRGINIA

Port of exit for military supplies for the U.S. Army and U.S. Air Forces Bases, overseas; also, Port of Exit for military supplies being shipped to friendly nations.

FORT STORY, NORFOLK, VIRGINIA

Training site for the Transportation Corps, U.S. Army.

U.S. NAVAL SHIPYARD, PORTSMOUTH, VIRGINIA

Navy repairs of ships assigned to the Atlantic Fleet are performed at this installation.

FORT MONROE, OLD POINT COMFORT, VIRGINIA

Headquarters of the Commanding General, Ground Forces, U.S. Army.

LANGLEY AIR FORCE BASE, HAMPTON, VIRGINIA

Combat air training of all types is performed at this major Air Force activity.

FORT EUSTIS, LEE HALL, VIRGINIA

Headquarters of the Transportation Command, U.S. Army, to which military personnel as well as civilian personnel attached to the Transportation Corps attend various

schools dealing with all phases of military transportation. [fol. 4126] Finally, I would like to comment briefly on an aspect of Mr. Laux's testimony. Mr. Laux complains that the average amount of general cargo loaded or discharged at New York in 1955 amounted to 1350 long tons. An examination of our records at our Sewells Point and Lamberts Point piers, Norfolk, shows that for June, 1957, the average general merchandise loaded or discharged from 102 ships berthed was 412.4 tons of 2000 pounds. This was divided as follows:

	No. Ships	Average Per Ship
Import	60	398.3 tons
Export	42	432.6 tons

We have a long way to go before we reach the average loading achieved at New York.

[fol. 4127]

VERIFICATION

STATE OF VIRGINIA)
) to-wit:
CITY OF NORFOLK)

W. C. SAWYER, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

s/ W. C. SAWYER
W. C. Sawyer

Subscribed and sworn to before me this 14th day of October, 1957.

s/ DOROTHY I. DENBY
Dorothy I. Denby,
Notary Public.

My commission expires the 29th day of September, 1959.

Seal

[fol. 4128]

Map of Norfolk Harbor

HAMPTON ROADS

CHESAPEAKE BAY

U. S. NAVAL BASE

VIRGINIAN RAILWAY

N.&P.B.L.R.R.

N.&P.B.L.R.R. (TRACKAGE RIGHTS)

U. S. NAVY

TO AIRPORT

Cranney I.

ATLANTIC & DANVILLE RAILWAY

NORFOLK & WESTERN RAILWAY

NORFOLK SOUTHERN RY.

PENNSYLVANIA RAILROAD

TO AIRPORT

N O R F O L K

NORFOLK HARBOR

(Includes Portsmouth)

Terminal and Transportation Facilities

GRAPHIC SCALES

1 ½ 0 MILES 1 2

2,000 1,000 0 2,000 4,000 6,000 8,000 10,000 FEET

MAJOR RAIL LINES, CLASSIFICATION YARDS, GENERAL CARGO, GRAIN AND COAL TERMINALS

MAJOR HIGHWAYS

PROPOSED/PLANNED HIGHWAYS

NORFOLK PORT AUTHORITY

BOARD OF TRADE BUILDING · NORFOLK, VIRGINIA

ATLANTIC & DANVILLE RAILWAY

NORFOLK & WESTERN RAILWAY

NORFOLK SOUTHERN RAILWAY

PENNSYLVANIA RAILROAD

ATLANTIC COAST LINE RAILROAD

PENN. R.R.

SOU. RY.

SEABOARD AIRLINE R.R.

SOUTH NORFOLK

N. & P. BELT LINE RAILROAD

VIRGINIAN RAILWAY

N. & P. B. L. R. R.

VIRGINIAN RY.

N. & P. B. L. R. R. (TRACKAGE RIGHTS)

SOU. RY. (TRACKAGE RIGHTS)

NORFOLK & WESTERN RAILWAY

NORFOLK SOUTHERN RAILWAY

N

PORT OF NORFOLK SERVING THE WORLD

1

VIRGINIAN RY.

HAMPTON BLVD.

U.S. NAVY

N & W RY.

SEWELLS POINT TERMINAL
(LAMBERTS POINT DOCKS LESSEE)

STANDARD OIL CO

PIER 2

PIER 1

ARMY BASE

2

NORFOLK & WESTERN RY.
LAMBERT'S POINT
(LAMBERTS POINT DOCKS LESSEE)

PIER N

PIER L

PIER 3

3

HAMPTON BLVD.

C & O RY. YARD & DEPOT

WEST INDIA

4

PIER 4

SOU. RY.

SOUTHERN TIDEWATER TERMINALS (LESSEE)

PIER 5

ATLANTIC COAST LINE R.R.

5

CONSTRUCTION PROPOSED BY NORFOLK PORT AUTHORITY

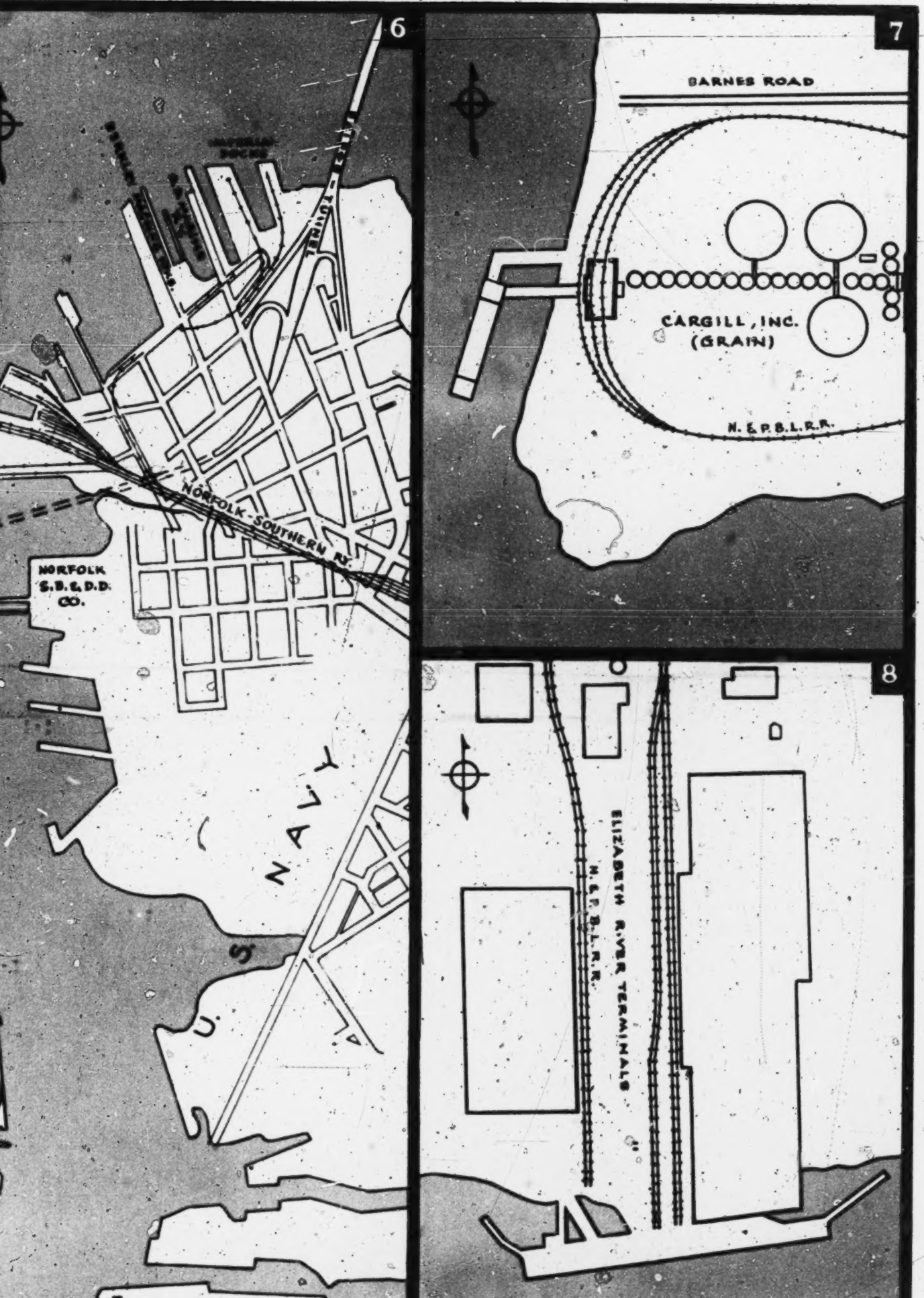
WATERFRONT DRIVE AS PROPOSED

GRANBY ST.

MAIN ST.

ST. PAUL'S BLVD.

BRIDGE-TUNNEL


6
NORFOLK-SOUTHERN RY.
NORFOLK S.B.&D.D. CO.
NAVY
U.S.
7
BARNES ROAD
CARGILL, INC. (GRAIN)
N.&P.B.L.R.R.
8
ELIZABETH RIVER TERMINALS
N.&P.B.L.R.R.

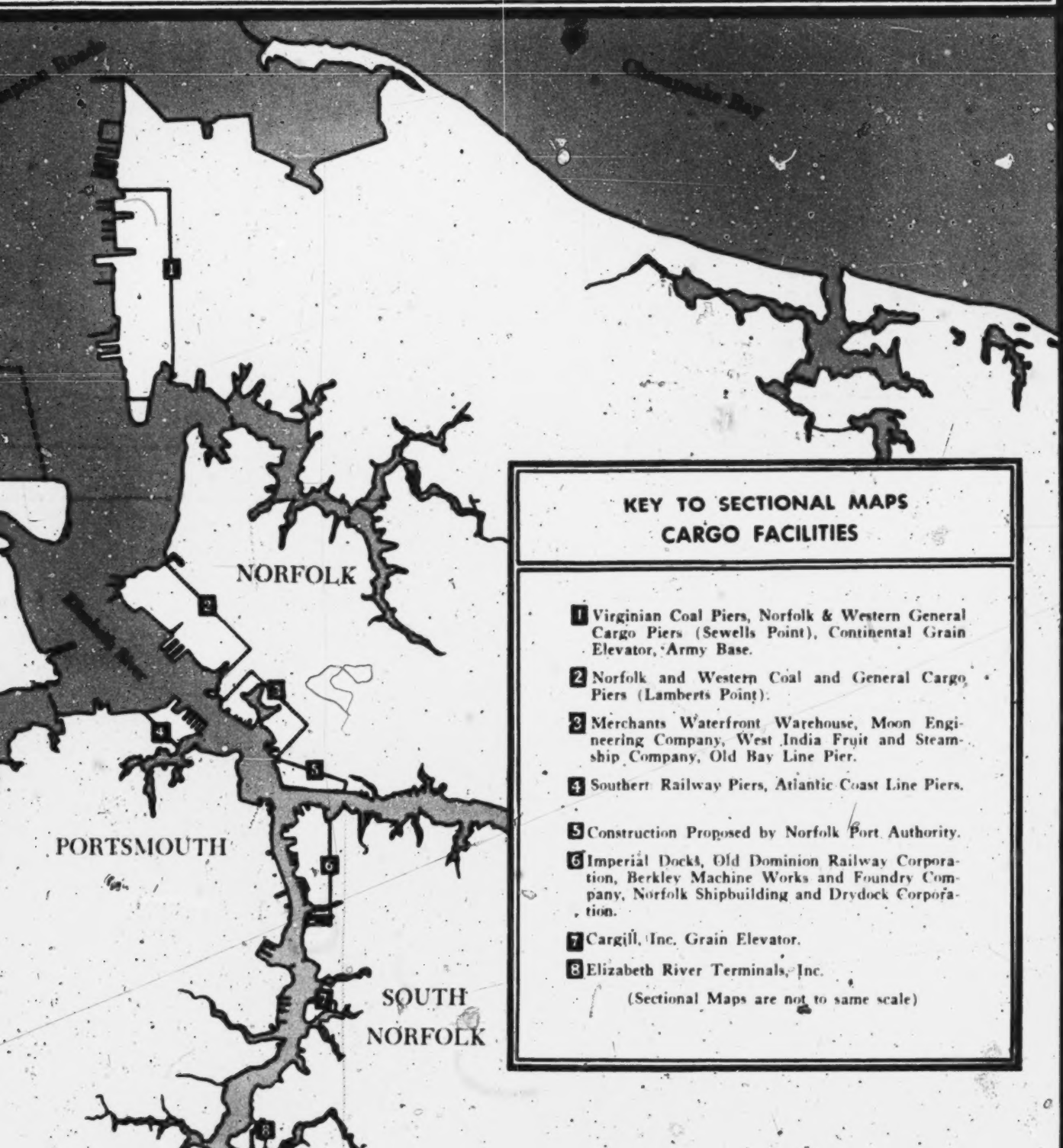
NORFOLK HARBOR

(including Portsmouth)

TERMINAL AND TRANSPORTATION FACILITIES

NORFOLK PORT AUTHORITY

BOARD OF TRADE BUILDING • NORFOLK, VIRGINIA



KEY TO SECTIONAL MAPS
CARGO FACILITIES

1. Virginian Coal Piers, Norfolk & Western General Cargo Piers (Sewells Point), Continental Grain Elevator, Army Base.
2. Norfolk and Western Coal and General Cargo Piers (Lamberts Point).
3. Merchants Waterfront Warehouse, Moon Engineering Company, West India Fruit and Steamship Company, Old Bay Line Pier.
4. Southern Railway Piers, Atlantic Coast Line Piers.
5. Construction Proposed by Norfolk Port Authority.
6. Imperial Docks, Old Dominion Railway Corporation, Berkley Machine Works and Foundry Company, Norfolk Shipbuilding and Drydock Corporation.
7. Cargill, Inc. Grain Elevator.
8. Elizabeth River Terminals, Inc.

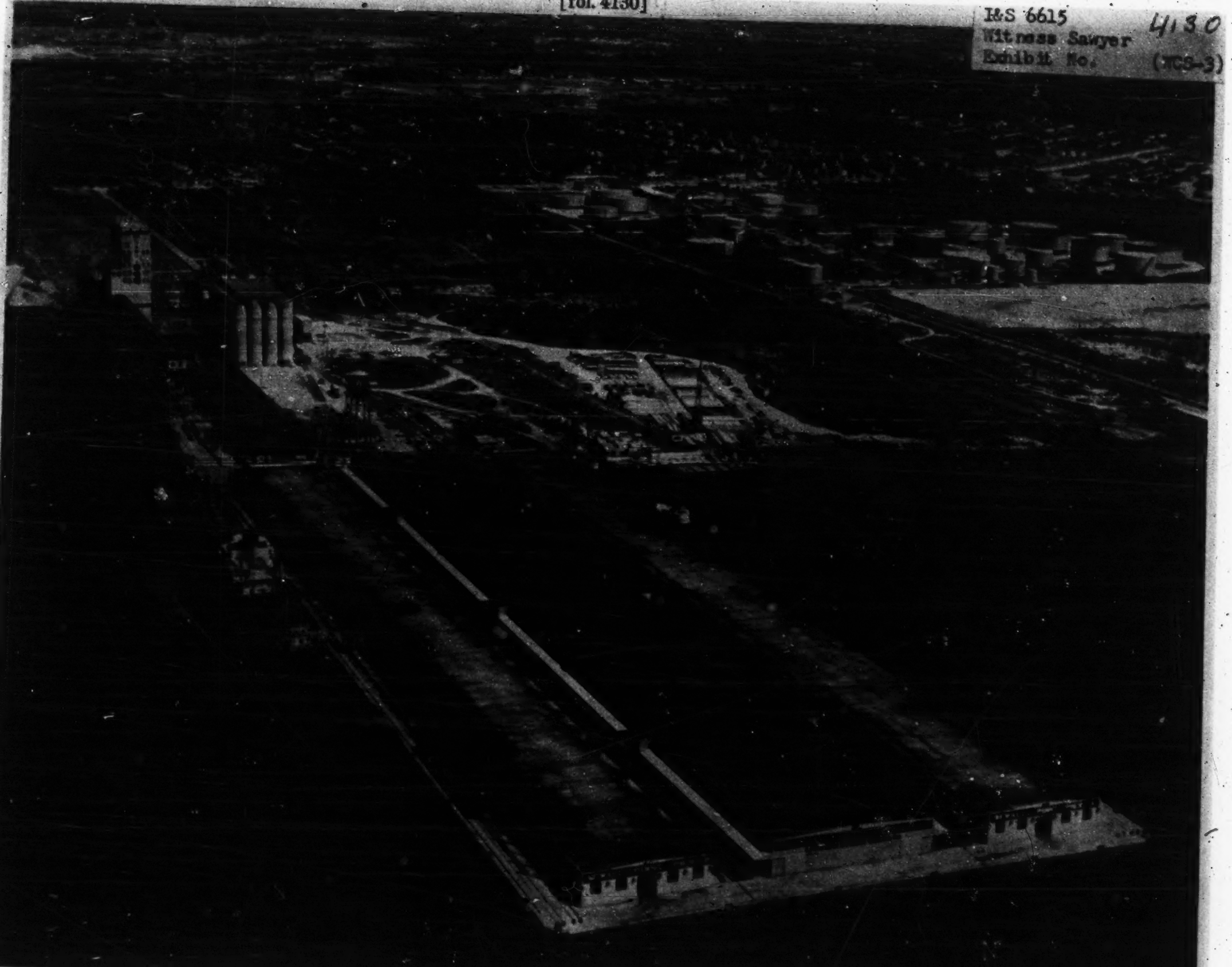
(Sectional Maps are not to same scale)

Photographs showing merchandise terminals at Lamberts Point

(See opposite) ☞

Exhibit No. (

I&S 6615
Witness Sawyer
Exhibit No. (WCS-3)
4130



[fol. 4131]

I&S 6615
Witness Sawyer
Exhibit No. (WCS-4)

COMPOSITE STATEMENT OF SHIP BERTHS AND WAREHOUSE SPACE AVAILABLE AT THE PORT OF NORFOLK FOR HANDLING AND STORAGE OF WATER-BORNE COMMERCIAL TRAFFIC

TERMINAL	NO. BERTHS	WAREHOUSE SPACE—SQUARE FEET
N&W—LAMBERTS POINT-NORFOLK	8	825,000
N&W—SEWELLS POINT-NORFOLK	4	155,000
U.S. ARMY BASE—SEWELLS POINT-NORFOLK	2	180,000
IMPERIAL DOCKS—NORFOLK	2	142,860
SOUTHERN RY.—PINNERS POINT-PORTSMOUTH	3	425,800
ELIZABETH RIVER TERMINALS—SOUTH NORFOLK	1	110,000
TOTALS	20	1,838,660

[fol. 4132]

I&S 6615
Witness Sawyer
Exhibit No. (WCS-5)

MILITARY TRAFFIC HANDLED THROUGH MAJOR PORTS

DECEMBER 1, 1941—DECEMBER 31, 1945

PORT	TOTAL TONNAGE (Measurement Tons of 40 cu. ft.)
New York	38,524,545
San Francisco	25,028,759
Hampton Roads	12,955,734
Seattle	12,516,683
Boston	9,481,780
Los Angeles	9,164,364
New Orleans	7,954,767
Baltimore	6,865,643
Philadelphia	5,952,170
Charleston, S. C.	3,675,088
TOTAL ALL PORTS	132,119,533

[fol. 4133]

REVISED

I.C.C. EXHIBIT No. 88

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

Equalization of Rates at
North Atlantic Ports

VERIFIED STATEMENT OF R. E. PETTERSON
COMPTROLLER
NORFOLK AND WESTERN RAILWAY COMPANY

[fol. 4134] My name is R. E. Petterson. I am Comptroller of the Norfolk and Western Railway Company, and reside in Roanoke, Virginia. My entire service of more than thirty-six years has been in the Accounting Department of the Norfolk and Western Railway Company. During the past five years, I have devoted considerable time to the preparation of cost studies for use in rate proceedings before the Interstate Commerce Commission and for other purposes. In these studies I have made use of the I.C.C. Bureau of Accounts and Cost Finding Formula, generally referred to as Rail Form A (hereinafter referred to as Form A) and the "Rail Carload Cost Scales by Territories" prepared by the Cost Section of the I.C.C. (hereinafter referred to as Cost Scales).

In the application of Form A, Freight Operating Expenses, Rents, Taxes, and Return on Value are allocated as between Line Haul and Terminal Expenses for both out-of-pocket and fully distributed costs. The out-of-pocket costs under the Formula represents 80% of the Freight Operating Expenses, Rents and Taxes (excluding Federal income tax), 50% of the Return on Value of Road Property, and 100% of the Return on Value of Rolling Stock. The Return on Value has been equated to include Federal income tax as part of the over-all cost of service at the then current tax rate, or in other words the costs reflect a Return on Value after Federal income taxes. The Line Haul unit costs are expressed in car mile and ton mile costs, while the Terminal Service is on a per car and ton basis. The Formula provides for the adjustment of cost to reflect various types of cars in way and through [fol. 4135] trains, different train weights, with varying empty return ratios. Form A also permits separate treatment of Interchange and Intermediate classification expenses.

The purpose of my testimony and exhibits is to show costs developed under Form A, Cost Scales, and special studies as to port terminal and pier costs of the three Pocahontas lines, (Chesapeake and Ohio, Norfolk and Western and Virginian) of transporting import and export freight between Hampton Roads and selected points in Differential Territory, and similar costs of the Eastern

District lines transporting import and export freight of the same weight and class between the port of New York and Differential Territory.

I have five exhibits:

Exhibit —— (REP #1)-(Revised)—Out-of-pocket inland terminal and Line Haul Costs for movements between the twenty-three Differential Territory points and Hampton Roads on the one hand and similar costs between the same Differential points and the port of New York on the other.

Exhibit —— (REP #2)-(Revised)—Hampton Roads Port Switching and Terminal Costs (exclusive of pier cost).

Exhibit —— (REP #3)-(Revised)—Hampton Roads Pier or Port Costs.

Exhibit —— (REP #4)-(Revised)—Summary Statement showing comparison of cost of the three Pocahontas lines versus Eastern lines.

Exhibit —— (REP #5)-(Revised)—Statement showing Revenue and Costs—Differential Territory Points and Hampton Roads.

[fol. 4136] Exhibit —— (REP #1)-(Revised), Sheets 2 to 27, inclusive, cover the computation of Out-of-pocket Inland Terminal, Interchange and Line Haul costs for the twenty-three Differential Territory origins to Hampton Roads and New York. These twenty-three points together with the routes and mileages are those shown on C. F. Keeley's Exhibits —— (K-5) and (K-6) as representative working routes.

Sheet 2 shows Line Haul and Terminal unit costs developed by application of Form A to the combined operating results of the Norfolk and Western, Chesapeake and Ohio and Virginian Railways for the year 1955, adjusted to reflect wage and price levels as of July 1, 1957, in a manner similar to that used by the Cost Section of the ICC in adjusting the 1955 costs to January 1, 1957, in the Cost Scales.

Sheet 3 shows the unit cost for the various classes of cars and types of trains. I have used in my computations the lower portion of this sheet, which is the single line unit cost and excludes Interchange expense treated as a separate item instead of including such Interchange cost

in the Line Haul expense on a system average basis. These costs are based on the train tonnages for the three Pocahontas roads, and since these three lines account for 98% of the Pocahontas Region Gross Ton Miles in 1955 it naturally follows that these unit costs, as developed for the three roads, closely approximate similar costs for the Pocahontas Region.

[fol. 4137] Sheet 4 shows, under Note 2, the average way and through train weights for the three Pocahontas roads. On the right-hand portion of Sheet 4, under Note 3, Column 3, the tare weights of the various classes of cars are shown. These weights are for all Class I roads, and I have used these weights on the assumption that the traffic here involved utilizes the equipment of carriers located in all parts of the Country. In the lower portion of Note 3, we have adjusted the three Pocahontas lines' unit costs to reflect the ratio of total to loaded car miles for both the Eastern District and the Pocahontas Region. The figures shown in Column 6 of this Note are simple averages of the figures for the Eastern District and the Pocahontas Region as found on Page 13 of the Cost Scales. These average empty return ratios have been used in costing out all movements both to Hampton Roads and New York, except such New York movements as were handled by only the Eastern District lines where we used the Eastern District empty return ratio. The figures in Column 9 of Note 3, after application of the above referred to adjustments, are reflected on Page 6, Line 15.

Sheet 5 shows the Carload Switching Costs (Column 6 under Note 5) for the various classes of cars, such figures being carried forward to Column 5 of Sheet 3. On the right-hand side of Sheet 5, we have computed the Interchange costs for box, open top and flat cars using the empty return ratio of the Eastern District and Pocahontas Region heretofore referred to. Line 4 represents the simple average loading for these three classes of cars in the Eastern District and Pocahontas Region. These lading figures were obtained from Table 2 of the Cost Scales. The [fol. 4138] one-half Interchange, as shown on Line 6, is used where there is a joint movement involving Interchange between Eastern District and the Pocahontas Region.

On Sheet 6 we have adjusted the three Pocahontas lines' unit cost for difference between average train tonnages and the weighted average train tonnage for trains moving export and import traffic. The result is to slightly increase the gross ton mile unit cost, as shown on Line 9. Lines 10 to 19, inclusive, reflect the Line Haul hundredweight mile costs adjusted to basis of average tons per car for the Eastern District and Pocahontas Region. The out-of-pocket unit costs on Line 19 are carried to Line 4 of Sheets 12 to 23, inclusive.

Sheet 7—The carload unit costs for the Eastern District for the year 1955 were obtained from the working papers of the Cost Section of the I.C.C. and adjusted to reflect wage and price levels as of July 1, 1957. The basic figures for Sheet 8 were also obtained from the work sheets of Form A prepared by the I.C.C. Cost Section, and have been equated to July 1, 1957. These figures exclude Interchange costs and are those we have used in our cost comparisons.

Sheet 9 shows the train-mile unit costs and train weights of the various classes of trains for the Eastern District. On the right-hand side of this sheet in Column 3 are shown the tare weights of the various classes of cars, and these [fol. 4139] tare weights represent the average weights for all Class I roads. The ratio of total to loaded car miles in Column 6 are those for the Eastern District, and the figures in Column 9 represent the car mile expense excluding Interchange costs carried forward to Column 3 on Sheet 8.

Sheet 10, under Note 5, shows the computation of the Terminal expense on a carload basis as reflected in Column 5, Sheet 8. On the right-hand side of Sheet 10 we have computed the Interchange expense on the basis of Eastern District empty return ratio and also on the basis of average empty return movement for the Pocahontas Region and Eastern District. These figures have been utilized in pricing out the costs to both Hampton Roads and New York.

Sheet 11 shows the computation of Inland Terminal and Eastern District Line Haul costs for joint movements to

Hampton Roads. The Inland Terminal costs per cwt., as reflected on Line 7, have been carried forward to Line 3 of Sheets 12 to 23, inclusive. The out-of-pocket Line Haul costs per cwt. mile shown as Item 17 have been carried forward to Line 5, Sheets 12 to 23, inclusive.

On Sheets 12 to 23, inclusive, we have computed the out-of-pocket Inland Terminal and Line Haul costs on import and export traffic between the twenty-three Differential Territory points and Hampton Roads. The per car tonnage figures are simple averages for the Eastern District and the Pocahontas Region, and were obtained from the Cost Scales. On all the movements to and from Hampton Roads we have used the Eastern District Terminal expense as representing the costs for the Inland Terminal. The Interchange expense is based on the number of Interchanges [fol. 4140] involved in the various movements. After obtaining the unit cost on each of the three Pocahontas lines, we have weighted such costs on the basis of import and export traffic handled during the period August 1, 1955, to July 31, 1956, (Line 11) and on Line 12 in Column 4 are shown the costs in cents per cwt. for the Inland Terminal, Interchange and Line Haul expense excluding any terminal or pier costs at Hampton Roads. These costs, as reflected in Column 4 on Sheets 12 to 23, are carried to Exhibit —— (REP #4)-(Revised).

Sheet 24 shows the computation of Line Haul unit costs for traffic to and from Differential Territory and New York. The costs shown on Line 6 are reflected on Sheets 25 to 27, inclusive. Where the movement to and from New York involves a movement over the Pocahontas lines, we have used the Line Haul unit costs based on the average empty return movement for both the Eastern District and the Pocahontas Region. Such movements are to Ashland, Ky., Portsmouth, Ohio and Huntington, W. Va. We have used the same tons per car in pricing the New York movement as we have for the Hampton Roads movement. These unit costs are also carried to Exhibit —— (REP #4)-(Revised).

Exhibit —— (REP #2)-(Revised)—Statement of switching and terminal costs at Hampton Roads exclusive of Pier

or Port costs. The switching minutes on Line 1 represent the average as developed by application of Form A to the 1955 combined operating results of the three Pocahontas lines. In order to adjust this average system figure, each of the three roads made a seven-day time study at their [fol. 4141] respective Hampton Roads terminals to determine the switching time per car for import and export traffic. The results of these studies are reflected on Line 2. Line 3 shows the relationship of switching minutes of these time studies to the average switching time on Line 1. Line 4 is the average switching expense per car for the three roads developed on Form A, and Line 5 the ratio of empty to loaded cars spotted and pulled, which is the average for all Pocahontas Region roads developed by the Cost Section of the I.C.C. On Line 7 we have adjusted the switching expense to reflect difference between system average and the minutes developed from special studies. Since a substantial portion of the Norfolk and Western traffic during the test period was interchanged with the Norfolk and Portsmouth Belt Line, the N&W switching expense has been increased to include the switching charge assessed by the Norfolk and Portsmouth Belt Line. This adjustment is shown on Line 8. On Line 9 the switching costs of each of the three Pocahontas roads are weighted to reflect difference in volume of import and export traffic handled by each road during the period August 1, 1955, to July 31, 1956. To the total switching expense on Line 9 has been added other carload terminal costs, not affected by the switching time element. Line 12 shows switching and terminal costs per cwt. for each of three classes of cars, the weights being the average loading for the Pocahontas Region and Eastern District and shown on the Cost Scales heretofore referred to. These cwt. costs are carried forward to my Exhibit —— (REP #4)-(Revised).

[fol. 4142] Exhibit —— (REP #3)-(Revised) is a statement of Pier or Port costs beyond rail end for handling import and export traffic at Hampton Roads. The costs and tonnages as shown on this exhibit are those for the Chesapeake and Ohio and Norfolk and Western merchandise piers, and do not include costs or tonnages for the C&O

ore pier or the N&W Grain Elevator. The Virginian does not own or operate any merchandise pier facilities. Line 12 of the Exhibit shows the expense per cwt. of 19.55¢ for Box Car Traffic and 2.35¢ per cwt. for Open Top Car Traffic.

Exhibit —— (REP #4)-(Revised) is a summary statement showing the total cost of handling import and export traffic between Differential Territory and Hampton Roads, and between this same Territory and New York. The Inland Terminal, Interchange and Line Haul costs are those shown on my Exhibit #1. The Port Switching and Terminal together with the Pier costs for Hampton Roads being shown on my Exhibits 2 and 3. The statement also shows the Inland Terminal, Interchange and Line Haul costs between Differential Territory and New York as developed on my Exhibit #1. The Switching and Pier costs at New York were obtained from the New York lines opposing equalization and it is my understanding that these costs will be shown on an exhibit to be filed by these New York lines.

Exhibit —— (REP #5)-(Revised) shows revenue and costs per cwt. between selected Differential Territory points and Hampton Roads. The origin or destination points, commodities, routes and distances were furnished by the traffic departments of the Norfolk and Western and Chesa- [fol. 4143] peake and Ohio. The Line Haul unit costs shown in Column 7 are computed by dividing the Line Haul costs per car mile, Line 15, Sheet 6 of my Exhibit #1, by the cwt., shown in Column 4, plus Line Haul expenses, shown on Line 18, Sheet 6 of my Exhibit #1. The Line Haul unit costs in Column 8 are developed by dividing Out-of-pocket Car Mile cost, Line 13, Sheet 11 of my Exhibit 1, by the cwt. in Column 4, plus Line Haul expense on a per ton mile basis, Line 15, Sheet 11, Exhibit #1, divided by 20. The Inland Terminal costs, Column 9, are based on Lines 1 and 4, Sheet 11 of my Exhibit #1. The Interchange cost is computed from data on Sheets 5 and 10 of Exhibit #1. The Port Terminal and Pier costs are developed from my Exhibits #2 and #3. Column 16 reflects the sum of the various cost elements as of July 1, 1957. The revenue shown in Column 17 includes the Ex Parte 206-A increases which became ef-

fective August 26, 1957. Column 18 shows the revenue in excess of cost per cwt.

There are no cost computations for grain movements in my exhibits, as the costs shown are for merchandise (general cargo) piers. At Norfolk, grain is exported through two privately operated grain elevators, and the pier costs shown in my exhibits do not apply.

In order, however to show grain costs, we have selected at random one car of grain moving to the Sewells Point Grain Elevator (Continental Grain Company) in 1955. This car originated at Port Austin, Michigan and moved to Norfolk, Virginia via C&O—Valley Crossing and N&W—Norfolk. Its weight was 60 tons. Based on my Exhibits —— [fol. 4144] (REP #1)-(Revised) and —— (REP #2)-(Revised) the costs on this car are computed as follows:

Inland Terminal	2.983¢
Line Haul	17.622¢
Interchange	.806¢
Port switching (N&W cost)	2.760¢
Total	24.171¢

or $290.05 per car. The total revenue, including the 206-A increases, on this car was $536.31.

The Norfolk and Western expense (including return on investment) in connection with the Sewells Point Elevator amounts to about 2.3¢ per cwt., or $27.60 per car. This amount, however, is offset by rental paid for the use of the property by the Grain Elevator operator. Of course, there is no expense to the railroad connected with movements to Cargill Grain Elevator except Norfolk and Portsmouth Belt Line switching charge, which is the same as that shown above for the grain moving to Sewells Point.

[fol. 4145] Affidavit

State of Virginia)
) ss:
City of Roanoke)

R. E. Petterson, being duly sworn, deposes and says that he has prepared the foregoing statement of testimony and that the matters and things contained therein are true and correct to the best of his knowledge and belief.

Signed R. E. Petterson

Subscribed and sworn to before me, a Notary Public in and for the City of Roanoke, Virginia, this 12th day of December 1957.

F. E. Eakin
Notary Public

My Commission expires November 14, 1958

(Seal)

[fol. 4146]

I. & S. Docket No. 6615
Exhibit _____(R.E.P. #1) Revised
Sheet 1 of 27
Witness: Petterson

STATEMENTS SHOWING COMPUTATION OF 1955 INLAND TERMINAL, INTERCHANGE AND LINE HAUL COSTS IN CENTS PER CWT., ADJUSTED TO REFLECT WAGE AND PRICE LEVELS AS OF JULY 1, 1957, ON IMPORT AND EXPORT TRAFFIC BETWEEN TWENTY-THREE POINTS IN DIFFERENTIAL TERRITORY AND HAMPTON ROADS AND NEW YORK.

4146

[101. 414.]

Rail Form A, 9-53

NORFOLK AND WESTERN, CHESAPEAKE AND OHIO AND VIRGINIAN RAILWAYS - COMBINED

I. & S. Docket 6615
Exhibit _____(R,E.P.#1)(Revised)
Sheet V
Witness Petterson

Carload Unit Costs: Out-of-pocket costs for line-haul per car-mile and per ton-mile; and terminal costs per carload and per ton; constant costs for line-haul per ton-mile; and terminal costs per ton, shown in cents per service unit for the year 1955 Estimated 6-7-1-57

111.9 Ratio

Line No.	Group	Item (1)	Source (Sch. A, sheets 1-4 unless otherwise indicated) (2)	Out-of-pocket expenses: Line haul: Expense per car-mile (3) (cents)	Out-of-pocket expenses: Line haul: Expense per gross ton-mile (4) (cents)	Out-of-pocket expenses: Terminal: Expense per carload (5) (dollars)	Out-of-pocket expenses: Terminal: Expense per ton (6) (cents)	Constant expenses: Line haul: Expense per ton-mile (7) (cents)	Constant expenses: Terminal: Expense per ton (8) (cents)	Line No.
		Out-of-Pocket Expenses								
1	I	Freight-train car (O.T.Mil.) expenses, running	Col. 8, lines 1 and 1b	1.75247	xxx	xxx	xxx	xxx	xxx	1
2	I	Freight-train car (O.T.Mil.) expenses, interchange	Col. 8, line 1a	10895	xxx	xxx	xxx	xxx	xxx	2
3	I	Freight-train car (O.T.Mil.) return, running	Col. 8, lines 2 & 2b, 2/	.04837	xxx	xxx	xxx	xxx	xxx	3
4	I	Freight-train car (O.T.Mil.) return, interchange	Col. 8, line 2a, 2/	.01119	xxx	xxx	xxx	xxx	xxx	4
5	II	Other running expenses (common to all cars)	Col. 8, lines 6 and 7a	.09766	xxx	xxx	xxx	xxx	xxx	5
6	II	Interchange switching expenses (common to all cars)	Col. 8, line 7	.00745	xxx	xxx	xxx	xxx	xxx	6
7	II	Other running return (common to all cars)	Col. 8, lines 9a and 10a, 2/	.05767	xxx	xxx	xxx	xxx	xxx	7
8	II	Interchange switching return (common to all cars)	Col. 8, lines 9 and 10, 2/	.07876	xxx	xxx	xxx	xxx	xxx	8
9	III	Remaining running expense (gross-ton-mile basis)	Col. 8, line 16	xxx	.15377	xxx	xxx	xxx	xxx	9
10	III	Remaining running return (gross-ton-mile basis)	Col. 8, lines 17 and 18, 2/	xxx	.07994	xxx	xxx	xxx	xxx	10
11	IV	Carload switching expense (origin and destination)	Col. 8, line 19 times 2	xxx	xxx	10.66958	xxx	xxx	xxx	11
12	IV	Carload switching return (origin and destination)	Col. 8, lines 20 & 21 times 2, 2/	xxx	xxx	.93773	xxx	xxx	xxx	12
13	VI	Carload freight-train car expense (time portion)	Col. 8, line 40 times 2	xxx	xxx	2.31107	xxx	xxx	xxx	13
14	VI	Carload freight-train car return (time portion)	Col. 8, line 41 times 2, 2/	xxx	xxx	.35665	xxx	xxx	xxx	14
15	VIII	Station carload expenses, clerical	Col. 8, line 54 times 2	xxx	xxx	1.45545	xxx	xxx	xxx	15
16	VIII	Station carload return, clerical	Col. 8, line 55 times 2, 2/	xxx	xxx	.06387	xxx	xxx	xxx	16
17	IX	Station carload expenses, platform	3/	xxx	xxx	xxx	.30936	xxx	xxx	17
18	IX	Station carload return, platform	4/	xxx	xxx	xxx	.07144	xxx	xxx	18
19	XI	Special services	Col. 8, line 68b times 2	xxx	xxx	1.30010	xxx	xxx	xxx	19
20	XII	Loss and damage (clerical expense)	Col. 8, line 69 times 2	xxx	xxx	xxx	.00787	xxx	xxx	20
21	XII	Loss and damage claim payments	5/	xxx	xxx	xxx	-	xxx	xxx	21
22	XIII	Coal and ore wharves expenses	Col. 8, line 78a times 2	xxx	xxx	xxx	.15375	xxx	xxx	22
23	XIII	Coal and ore wharves return	Col. 8, line 78b times 2, 2/	xxx	xxx	xxx	.16763	xxx	xxx	23
		Constant Expenses 7/								
24	-	Constant operating expenses common to CL and LCL	Line 105, 6/	xxx	xxx	xxx	xxx	(+)	(+)	24
25	-	Constant return common to CL and LCL	Lines 106 & 107, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	25
26	-	Passenger income (-) or deficit (+)	Line 109, 6/	xxx	xxx	xxx	xxx	(-)	(-)	26
27	-	Passenger return	Line 112, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	27
28	-	LCL income (-) or deficit (+)	Line 110, 6/	xxx	xxx	xxx	xxx	(-)	(-)	28
29	-	LCL return	Line 113, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	29
30	-	Credit for incidental and other revenues	Line 116, 6/	xxx	xxx	xxx	xxx	(-)	(-)	30
31	-	Total unit cost (O.T.Mil.cars) including interchange expense	Sum of lines 1-30, incl. hereto	3.95477	.18316	22.79730	17.44606	(+)		31
32	-	Total unit cost (O.T.Mil.cars) excluding interchange expense	Line 31 minus sum of lines 2, 4, 6, and 8 hereto	3.85112	.18316	22.79730	17.44606	(+)		32

(O.T. Mil.) means other than mileage cars.
(See reverse side for footnotes).

4147

[fol. 4148]

NORFOLK AND WESTERN, CHESAPEAKE AND OHIO AND VIRGINIAN RAILWAYS - COMBINED

Rail Form A, 9-53

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 3
Witness Petterson

Carload Unit Costs: Out-of-pocket costs for line-haul per car-mile and per ton-mile; and terminal costs per carload and per ton; constant costs for line-haul per ton-mile; and terminal costs per ton, shown in cents per service unit for the year 1955 1/.

Equated to 7-1-57 - 111.9 Ratio

Carload unit costs for interline traffic in cents per service unit by type of equipment and by type of train
(Interchange switching costs treated as related to distance)

Line No.	Type of train 2/ (1)	Type of equipment (2)	Out-of-pocket expenses: Car-mile 3/ (3)	Net ton-mile 4/ (4)	Carload 5/ (5)	Ton 6/ (6)	Constant expenses: Ton-mile 7/ (7)	Ton 8/ (8)	Line No.
1	Way train	Box							1
2		Gondola & hopper, excl. coal & ore traffic							2
3		Gondola & hopper, coal & ore traffic							3
4		Flat							4
5		Stock							5
6		Refrigerator							6
7		Tank							7
8	Average train	Box							8
9		Gondola & hopper, excl. coal & ore traffic							9
10		Gondola & hopper, coal & ore traffic							10
11		Flat							11
12		Stock							12
13		Refrigerator							13
14		Tank							14
15	Through train	Box							15
16		Gondola & hopper, excl. coal & ore traffic							16
17		Gondola & hopper, coal & ore traffic							17
18		Flat							18
19		Stock							19
20		Refrigerator							20
21		Tank							21

Carload unit costs for single-line traffic in cents per service unit by type of equipment and by type of train 5/ 9/

22	Way train	Box							22
23		Gondola & hopper, excl. coal & ore traffic							23
24		Gondola & hopper, coal & ore traffic							24
25		Flat							25
26		Stock							26
27		Refrigerator							27
28		Tank							28
29	Average train	Box	9.73548	.18316	3.421.964	.43565			29
30		Gondola & hopper, excl. coal & ore traffic	13.31706	"	3.707 √13	20757			30
31		Gondola & hopper, coal & ore traffic	13.31706	"	3.707 √13	17.115 √5			31
32		Flat	10.87060	"	3.707 √13	√3868			32
33		Stock							33
34		Refrigerator							34
35		Tank							35
36	Through train	Box							36
37		Gondola & hopper, excl. coal & ore traffic							37
38		Gondola & hopper, coal & ore traffic							38
39		Flat							39
40		Stock							40
41		Refrigerator							41
42		Tank							42

Note: To compute carload costs per 100 pounds for any length of haul the procedure is as follows:

(a) Divide the out-of-pocket terminal per-carload costs shown in col. 5 by the tons for which costs are desired and add the resultant cost per ton to the cost per ton shown in col. 6.

(b) Divide the out-of-pocket line-haul costs per car-mile shown in col. 3 for the applicable type of train and type of car in which the traffic is handled by the load in tons for which costs are desired. Add the resultant costs per ton-mile to the out-of-pocket line-haul costs per ton-mile for the applicable types of train shown in col. 4. Multiply the total costs thus obtained by the applicable length of haul in actual miles for the traffic under study to obtain the line-haul costs per ton.

(c) Add the costs per ton obtained in items (a) and (b) above to obtain the total out-of-pocket costs for the movement under study. To state the costs in an amount per 100 pounds, divide the result by 20 hundredweight.

(d) The fully distributed costs are to be computed by adding the constant expenses shown in cols. 7 and 8 to the applicable unit costs shown in cols. 4 and 6 and then following the same procedure as outlined in items (a) to (c) above.

(See following sheet for footnotes.)

4148

ail Form A, 9-55
ootnotes to Carload Unit Costs - Sheet 2 - 1955 - Equated to 7-1-55 - 111.9 Rates

/ The purpose of this summary schedule is to provide carload unit costs separately for interline and single-line traffic. The unit costs shown in lines 1-21 are to be used for interline traffic, the interchange switching expenses being distributed on a car-mile basis. The unit costs in lines 22-42 exclude interchange switching expenses and are to be used for single-line traffic. These costs may also be used in computing costs for interline traffic where the interchange expense is distributed on a car basis and is added for a given number of interchanges between railroads.

/ The line-haul running costs reflect the train running costs applicable to the system (or territory) average weight train of _____ (rev. G.T.M. per train-mile). Where desired, compute the increase (+) or decrease (-) in such unit cost (per ton-mile) to reflect the costs for any other given weight train or trains (local or way, through, etc.) as provided below:

Line No.	Type of train	Out-of-pocket costs per train-mile (excluding train switching costs) a/ (dollars)	Weight of train (gross tons) of cars, contents excluding cabooses	Out-of-pocket cost per rev. plus nonrev. G.T.M. (excl. loco. & cab.) (col.2 ÷ col. 3) (cents)	Out-of-pocket cost per rev. G.T.M. (col.4 × .98078 ratio (Sch.A, sh.4, line 23), col. 14) (cents)	Difference between rev. G.T.M. cost for avg. train & rev.G.T.M. cost for train under study b/ (cents)
	(1)	(2)	(3)	(4)	(5)	(6)
(a)	Avg. train...	7.07322	c/ 3984	.05053	e/ .05157	.000000
(b)	Way trains...		d/ 1155	1.5577	1.5882	+ .11278
(c)	Thru trains (total excl. way trains)..		d/ 5022	.03582	.03657	- .00957
(d)	Loy Mountain Steam		3943	.05099	.05199	+ .00047
(e)						

a/ Insert in col. 2 the train-mile costs including those expenses (out-of-pocket portion) as to which the differentiation in the cost per revenue G.T.M. by type of train is desired. The expenses inserted in lines (b), (c), etc., may be computed for particular train movements (round trip excluding train switching) based on test period studies of payroll and other operating records of train performance. In such case insert in line (a) for "avg. trains" the corresponding system (or terr.) train-mile expenses taken from the formula. Special study results should be supported by working papers. Where no special studies are made, or where relative costs are desired for broad classes of trains based on differences in train weights, insert for all types of trains, lines (a), (b), (c), etc., a uniform cost per train-mile based on those expenses (out-of-pocket) which can be associated with train-miles and which are substantially unrelated to the weight of the train. Compute as follows: (1) Take 28.771 % of locomotive expense (portion unrelated to locomotive weight)(from Sch.A, sh.1, line 37, col.16) $ 9,847,184 , and divide by .9980 ratio (from Sch.A, sh.4, line 28) equals $ 9,861,908 . (2) To obtain transportation running expenses take from Sch.C, sh.1, col.5 sum of 100% of Accts. 372, 373(b), 376, 390-91, 392-93, 401-00, 412-13, 415-17, and 28.771 % of Accts. 398-400, equals $ 40,086,871 ; increase this amount by 8.07% (from Sch.H, sh.2, 3/ b/, line (f), col. 3), for transportation overhead equals $ 43,303,137 . (3) Total of locomotive and transportation expense equals $ 53,165,045 (sum of (1) and (2) hereto), increased by 1984 (Sch. A, line 17, col. 4) for general overhead equals $ 63,356,113 . (4) Multiply the latter total by .9980 ratio (Sch.A, sh.4, line 28) to eliminate passenger portion of nonrevenue freight expense, amount equals $ 63,229,401 . (5) Take out-of-pocket portion, 50 % (Sch. I, sh.1, line 10, col. 4), resulting total out-of-pocket expenses equals $ 10,533,571 . (6) Divide by 28,115,678 total train-miles from A.R. 531, Item No. 6, col. (c) or from Preliminary Abstract Summary 1. = 1.79991¢ X 111.9 = 2.01322¢

3/ For percentage see Schedule A, sheet 1, footnote 1b, line (d), column 4.

b/ Insert difference between entries in col. 5, lines (b), (c), etc., as applicable, and col. 5, line (a).

c/ Total gross-ton-miles, revenue and nonrevenue, excluding cabooses 111,900,755 G.T.M. (from Sch.A, sh.4, line 21, col. 14) divided by total of 28,115,678 train-miles from A.R. Sch. 531, Item 6, col. (b), or Preliminary Abstract, Summary 1. = 3984

d/ Compute from train performance records, or compute way and through trains, from the following equation: $(M_w \times R T_t) + M_t \times T_t = T_a$. T_t equals the average weight (tons) for through trains (i.e., all trains excluding way trains); T_a is average weight for all trains (from line (a), col. (3), above); M_w and M_t are the ratios, respectively, of the miles actually run by conductors on local and way trains and the miles actually run by conductors on through trains, to the total miles actually run by such conductors from A.R. Schedule 561, Div. Nos. 113 and 114, col. (1), or tabulations supporting Statement M-300; R equals _____ ratio of the average tons (ton-miles per train-mile) for local or way trains to the average tons for through trains (from special studies). To compute average weight train for through trains, T_t, solve the above equation for T_t. To compute weight of way train, multiply average weight of through trains, T_t, by the ratio R.

e/ For verification of the entry in line (a), col. 5, divide the total expenses from a/ hereto, item 5, by the total revenue G.T.M. 10983.777.000 from Sch. I, sh. 1, line 18, col. 7, quotient equals 04606 ¢. (Cents should reconcile except for disposition of fractions.)

X 111.9 = .05157¢

AILWAYS - COMBINED

I. & S. Docket 6615
Exhibit _____(R.E.P.#1)(Revised)
Sheet 4
Witness Petterson

3/ The car-mile expenses to be inserted in col. 3 include those distributable on a car-mile basis plus the gross-ton-mile expenses associated with the tare weight of the car. Where costs are desired for interline traffic, i.e., the interchange expenses are distributed on a car-mile basis, compute the car-mile expenses as shown in the table below, col. 7, and insert the figures by type of train in lines 1-21 of col. 3. Where costs are desired for single-line traffic or where the interchange switching costs are to be treated on a per-car basis dependent on the actual number of interchanges received by the traffic under study, compute the car-mile expenses as shown in the table below, col. 9, and insert the figures by type of train in lines 22-42 of col. 3.

Line	Type of equipment (1)	Gross-ton-mile exp. (unit cost, sh.1, line 31, col. 4) (2)	Tare weight a/ (3)	Tare wght. exp. per car-mile, col. 2 x col. 3 (4)	Loaded car-mile exp. (unit cost sh.1, line 31, col.3) (5)	Ratio of total to loaded car-miles b/ (6)	Total car-mile exp. (col. 4 + col. 5) times col. 6 c/ (7)	Loaded car-mile exp. excl.interchge.(unit cost,sh.1, L.32,col.3) (8)	Total car-mile exp. excluding interchge.(col.4 + col. 8 times col. 6 c/ (9)
	Way train d/								
(a)	Box.....								
(b)	G & H...								
(c)	Flat....								
(d)	Stock...								
(e)	Refrig..				e/			e/	
(f)	Tank....				f/			h/	
	Average train d/	.183:6	24.1	4.41416		1.32		2.85112	9.73618
(a)	Box.....								
(b)	G & H...		23.3	4.26763		1.87		"	13.31266
(c)	Flat....		23.3	4.26763		1.87		"	10.81260
(d)	Stock...								
(e)	Refrig..				e/			e/	
(f)	Tank....				f/			h/	
	Through train d/	Average train adjusted							
(a)	Box.....	.18363	24.1	4.42548		1.36		2.85112	9.89618
(b)	G & H...		23.3	4.27858		1.95		"	14.74781
(c)	Flat....		23.3	4.27858		1.50		"	10.69644
(d)	Stock...								
(e)	Refrig..				e/			e/	
(f)	Tank....				f/			h/	

T00047

a/ Special study, see Bureau of Accounts and Cost Finding Statement No. 1-51, page 9.
b/ Ratio of total (loaded plus empty) to loaded car-miles equals 1.0 plus _ _____ ratio from special study, see Bureau of Accounts and Cost Finding Statement No. 4-53, page 9.

3/ c/ Compute as follows:
Other running expenses and return common to all cars, Carload Unit Costs, sheet 1, col. 3 hereto, sum of lines 5 to 8 of (1)_____¢, plus inspection expense of (2)_____¢, plus standard refrigerator car mileage rental of (3)_____¢, plus net charges and credits for refrigeration and heater services of (4)_____¢; items (2) to (4), inclusive, increased for general overhead by multiplying the sum of such figures by 1.0 plus_____ratio from Schedule B, sheet 1, line 17, col. 4, equals (5)_____¢; total_____¢. Compute inspection costs for item (2) as follows: Multiply the sum of col. 7, lines 1 to 21, inclusive, from Schedule A, sheet 1, by the ratio from Schedule A, sheet 1, line 31, col. 2, and divide the remainder by the car-miles, loaded and empty, of cars rented on a mileage basis from Schedule A, sheet 4, line 17, col. 14. Compute net charges and credits for refrigeration and heater services for item (4) as follows: Multiply the net debit or credit from annual report schedule 320, footnote to account 402 of (a) $_____from Schedule C, sheet 1, footnote 12, item (b) by (1.0 plus_____ratio) from Schedule B, sheet 1, 9/, line (c), to include transportation overheads equals (b) $_____. Multiply item (b) by _____ratio from Schedule A, sheet 4, line 26, col. 14, to exclude the passenger-train service portion of nonrevenue freight equals (c) _____. Divide item (c) by the total loaded and empty car-miles of refrigerator cars, from annual report schedule 376, line 3, column (b).

f/ Compute as follows:
Other running expenses and return common to all cars, Carload Unit Costs, sheet 1, column 3, hereto, sum of lines 5 to 8 of (1) _____¢ plus inspection costs of (2) _____¢ plus standard tank car mileage rental of (3) _____¢; the sum of items (2) and (3) increased for general overheads by multiplying such sum by 1.0 plus _____ratio from Schedule B, sheet 1, line 17, column 4, equals (4) _____¢; total, _____¢. See g/ item (2), above, for the amount of the inspection costs.

See following page for balance of subfootnotes.

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Rail Form A, 9-55
Footnotes to Carload Unit Costs - Sheet 2 (continued) - 1956

a/ Compute as follows: Equated to 7-1-57 - 1119 Ratio
Other running expenses and return, excluding interchange connec to all cars from Carload Unit Costs, sheet 1, column 3, sum of lines 5 and 7 of (1) _____ plus inspection expense of (2) _____, plus standard refrigeration car mileage rental of (3) _____, plus net charges and credits for refrigeration and heater services of (4) _____; items 2 to 4, inclusive, increased for general overhead by multiplying the sum of such figures by 1.0 plus _____ ratio from Schedule 6, sheet 1, line 17, column 4 equals (5) _____; total _____. See footnote a/ above for inspection expense, item 2; for standard refrigeration car rental, item 3; and for net charges and credits for refrigerator and heater services, item 4.

b/ Compute as follows:
Other running expenses and return, excluding interchange connec to all cars from Carload Unit Costs, sheet 1, column 3, sum of lines 5 and 7 of (1) _____ plus inspection expense of (2) _____ plus standard tank car mileage rental of (3) _____; the sum of items 2 and 3 increased for general overheads by multiplying such sum by 1.0 plus _____ ratio from Schedule 6, sheet 1, line 17, column 4 equals (4) _____; total _____. See footnote c/, item 2 above for the amount of the inspection costs.

d/ Insert in col. 4, lines 1-42, the unit cost per gross-ton-mile from sheet 2.3/, col. 2, for applicable type of train.

e/ Where out-of-pocket costs are desired for interline traffic, and the interchange switching expenses are distributed on a car-mile basis, or where costs are desired for single-line traffic, i.e., interchange switching expenses are excluded, compute the carload or consignment costs as shown in col. 6 of the table below. Where out-of-pocket costs are desired for interline traffic, and the interchange switching expenses are treated as not related to distance, i.e., distributed on a per-car basis for interchange, compute the amount to be added to the expenses in col. 6 as shown below and bring forward the total out-of-pocket costs per carload for the number of interchanges under study, by types of equipment for insertion in col. 5, lines 22-42 of the carload unit costs, sh.2.

Line No.	Type of equipment (1)	Switching exp. (origin plus destination) (unit cost, sh.1, lines 11 to 14, col.5). (2)	Ratio of empty to loaded cars (1.0 plus _____ ratio)* (3)	Total switching exp. (loaded plus empty) col. 2 x col. 3 (4)	Other carload exp. (unit cost, lines 15, 16, & 19, col. 5) (5)	Total carload exp. (col. 4 + col. 5) times 100 (6)
(a)	Box	$14.77793	1.8	25.69927	8.51931	3.421.858
(b)	Gondola & hopper	"	2.0	28.55480	"	3.607.413
(c)	Flat	"	2.0	28.55480	"	3.607.413
(d)	Stock					
(e)	Refrigerator	**				
(f)	Tank	**				

* Compute ratio as follows: 1.00 plus added ratio of empties spotted and pulled to loads that and pulled. For box cars use added ratio of _____. For all other cars use added ratio of _____.

** Omit Group VI expenses (lines 13 and 14) in computing switching expenses for mileage cars.

Compute the additional out-of-pocket cost per carload per interchange (2 carriers involved) as shown in the table to follow. Add the amount from line (a) of the table below to refrigerator and tank carload expenses shown in col. 6, lines (e) and (f), of the above table. Add the amount from line (g) of the table below to the box, gondola and hopper, flat and stock carload expenses shown in col. 6, lines (a) to (d), inclusive, of the above table. If expenses for more than one interchange switching service are to be included, the figures shown in lines (i) and (q) in the table below should be multiplied by the number of such interchanges.

Line No.	Item (1)	Source (2) 1956	Amount (3)
(a)	Inter-change switching expenses	Sch.1, sh.1, line 7, col. 3 X 1119	19.420.928
(b)	Interchange switching return--road	Sch.1, sh.1, line 9, col. 3 *	190.379
(c)	Interchange switching return--equip.	Sch.1, sh.1, line 10, col. 3 *	564.681
(d)	Subtotal	Sum of lines (a) to (c)	21.175.988
(e)	Total loaded plus empty cars given interchange switching	Sch. F, sh.1, line 45a, col. 1	6.618.942
(f)	Cost per car (loaded plus empty) per interchange per railroad	Line (d) , line (e)	$ 3.1967
(g)	Ratio of empty to loaded cars given interchange switching	Special study **	.7332
(h)	Cost per loaded car per interchange per railroad	Line (f) times (1.0 plus .733 ratio from line (g), col. 1	$ 5.5406
(i)	Cost per loaded car interchanged between two carriers ***	Line (h) times 2	11.0812
(j)	Freight-train car expense--interchange	Sch.1, sh.1, line 1a, col. 3 X 1119	7.173.648
(k)	Freight-train car return--interchange	Sch.1, sh.1, line 2a, col. 3 *	158.352
(l)	Subtotal	Sum of lines (j) and (k)	7.331.000
(m)	Total loaded plus empty other than mileage cars given interchange switching	Line (a), col. 1, times .935 ratio from Sch.A, sh.3, line (f)	6.193.331
(n)	Freight-train car costs per car (loaded plus empty) other than mileage per interchange per railroad	Line (l) divided by line (m)	$ 0.36077
(o)	Freight-train car costs per loaded car per interchange per railroad	Line (n) times (1.0 plus _____ ratio from line (g), col. 1)	
(p)	Freight-train car costs per loaded car for one interchange between two carriers	Line (o) times 2	
(q)	Total cost per loaded car for one interchange between 2 carriers ****	Line (i) plus line (p)	

* Where applicable, adjust for Federal income taxes. See footnotes to carload unit costs, sheet 1, g/, line (f), for ratio.

** Develop from a test study based on cars interchanged between railroads under study. Otherwise use ratio from Sch. A, sh. 2, footnote 9.

*** Applicable to refrigerator and tank car traffic.

**** Applicable to box, flat, gondola and hopper, and stock car traffic.

[fol. 4150]

AYS - COMBINED

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet ____
Witness Petterson

	Box	Open Top	Flat
1 - Cost per loaded car (line f ÷ line n x 2)	$7.11398	$7.11398	$7.11398
2 - Ratio of total to loaded car miles(Average Pocahontas Region and Eastern District)	1.36	1.795	1.50
3 - Cost per loaded and empty car (line 1 x line 2)	$9.67501	$12.76959	$10.67097
4 - Cwt. per car	554	.1180	652
5 - Cost per cwt. per interchange (line 3 ÷ line 4)	1.74639¢	1.08217¢	1.63665¢
6 - One-half interchange (line 5 ÷ 2)	.87320¢	.54109¢	.81833¢

4150

I. & S. Docket No. 6615
Exhibit _____(R.E.P. #1) Revised
Sheet 6
Witness: Petterson

NORFOLK & WESTERN, CHESAPEAKE & OHIO AND VIRGINIAN RAILWAYS - COMBINED

Adjustment of Unit Costs for difference between average train tonnages and weighted average train tonnage for trains moving Export and Import traffic -

Line No.			Line No.		Type of Car		
					Box	Open Top	Flat
1.	Out-of-pocket costs per train mile (Sheet 4 - Note 2 (a))	$2.01322	10.	Adjusted gross ton mile cost (Line 9)	.18363¢	.18363¢	.18363¢
2.	Average train tonnage (Avg. 3 roads) (Sheet 4 - Note 2 (c))	3984	11.	Tare weight of cars (U.S. Average) (Page 10 - Statement 1-57)	24.1	23.3	23.3
3.	Out-of-pocket cost per revenue and non-revenue G.T.M. (Line 1 ÷ Line 2)	.05053¢	12.	Out-of-pocket cost per empty car mile (Line 10 x Line 11)	4.42548¢	4.27858¢	4.27858¢
4.	Out-of-pocket cost per revenue G.T.M. (Line 3 ÷ .98078)	.05152¢	13.	Out-of-pocket cost per loaded car mile excluding interchange (Sheet 2,Line 32,Col.(3))	2.85112¢	2.85112¢	2.85112¢
5.	Weighted average of trains moving Export and Import traffic	3948	14.	Ratio of total to loaded car miles (Average Poca. Region and Eastern District)	1.36	1.795	1.50
6.	Out-of-pocket cost per revenue G.T.M. (Line 1 ÷ Line 5 ÷ .98078	.05199¢	15.	Total out-of-pocket cost excluding interchange cost (Line 12 ÷ Line 13 x Line 14)	9.89618¢	12.79781¢	10,69455¢
7.	Difference in Gross Ton Mile cost (Line 6 minus Line 4)	÷ .00047¢	16.	Cwt. per car (average for Poca. Region and Eastern Dist.)	554	1180	652
8.	Gross Ton Mile unit cost based on the 3 road average train tonnage (Sheet 2, Line 32, Col. (4))	.18316¢	17.	Line haul car mile cost per cwt. (Line 15 ÷ Line 16)	.01786¢	.01085¢	.01640¢
9.	Adjusted Gross Ton Mile cost to reflect difference in train tonnage (Line 7 ÷ Line 8)	.18363¢	18.	Line haul cwt. mile cost (Line 9 ÷ 20)	.00918¢	.00918¢	.00918¢
			19.	Out-of-pocket line haul cost per cwt. mile (Line 17 ÷ Line 18)	.02704¢	.02003¢	.02558¢

4151

[fol. 4152]

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 7.
Witness Petterson

EASTERN DISTRICT

Rail Form A, 9-53

Carload Unit Costs: Out-of-pocket costs for line-haul per car-mile and per ton-mile; and terminal costs per carload and per ton; constant costs for line-haul per ton-mile; and terminal costs per ton, shown in cents per service unit for the year 1955 as Equated 6-1-57

114.1 - Ratio

Line No.	Group	Item (1)	Source (Sch.1, sheets 1-4 unless otherwise indicated) (2)	Out-of-pocket expenses: Line haul: Expense per car-mile (3) (cents)	Out-of-pocket expenses: Line haul: Expense per gross ton-mile (4) (cents)	Out-of-pocket expenses: Terminal: Expense per carload (5) (dollars)	Out-of-pocket expenses: Terminal: Expense per ton (6) (cents)	Constant expenses: Line haul: Expense per ton-mile (7) (cents)	Constant expenses: Terminal: Expense per ton (8) (cents)	Line No.
		Out-of-Pocket Expenses								
1	I	Freight-train car (O.T.Mil.) expenses, running	Col. 8, lines 1 and 1b	2.83243	xxx	xxx	xxx	xxx	xxx	1
2	I	Freight-train car (O.T.Mil.) expenses, interchange	Col. 8, line 1a	30371	xxx	xxx	xxx	xxx	xxx	2
3	I	Freight-train car (O.T.Mil.) return, running	Col. 8, lines 2 & 2b, 2/	24378	xxx	xxx	xxx	xxx	xxx	3
4	I	Freight-train car (O.T.Mil.) return, interchange	Col. 8, line 2a, 2/	14762	xxx	xxx	xxx	xxx	xxx	4
5	II	Other running expenses (common to all cars)	Col. 8, lines 6 and 7a	1.46790	xxx	xxx	xxx	xxx	xxx	5
6	II	Interchange switching expenses (common to all cars)	Col. 8, line 7	V.03870	xxx	xxx	xxx	xxx	xxx	6
7	II	Other running return (common to all cars)	Col. 8, lines 9a and 10a, 2/	14403	xxx	xxx	xxx	xxx	xxx	7
8	II	Interchange switching return (common to all cars)	Col. 8, lines 9 and 10, 2/	.11604	xxx	xxx	xxx	xxx	xxx	8
9	III	Remaining running expense (gross-ton-mile basis)	Col. 8, line 16	xxx	.02761	xxx	xxx	xxx	xxx	9
10	III	Remaining running return (gross-ton-mile basis)	Col. 8, lines 17 and 18, 2/	xxx	.03743	xxx	xxx	xxx	xxx	10
11	IV	Carload switching expense (origin and destination)	Col. 8, line 19 times 2	xxx	xxx	1.61806	xxx	xxx	xxx	11
12	IV	Carload switching return (origin and destination)	Col. 8, lines 20 & 21 times 2, 2/	xxx	xxx	1.95766	xxx	xxx	xxx	12
13	VI	Carload freight-train car expense (time portion)	Col. 8, line 40 times 2	xxx	xxx	3.96801	xxx	xxx	xxx	13
14	VI	Carload freight-train car return (time portion)	Col. 8, line 41 times 2, 2/	xxx	xxx	1.35736	xxx	xxx	xxx	14
15	VIII	Station carload expenses, clerical	Col. 8, line 54 times 2	xxx	xxx	4.18176	xxx	xxx	xxx	15
16	VIII	Station carload return, clerical	Col. 8, line 55 times 2, 2/	xxx	xxx	.28440	xxx	xxx	xxx	16
17	IX	Station carload expenses, platform	3/	xxx	xxx	xxx	26.25980	xxx	xxx	17
18	IX	Station carload return, platform	4/	xxx	xxx	xxx	1.28618	xxx	xxx	18
19	XI	Special services	Col. 8, line 68b times 2	xxx	xxx	V.13164	xxx	xxx	xxx	19
20	XII	Loss and damage (clerical expense)	Col. 8, line 69 times 2	xxx	xxx	xxx	.07753	xxx	xxx	20
21	XII	Loss and damage claim payments	5/	xxx	xxx	xxx	.89010	xxx	xxx	21
22	XIII	Coal and ore wharves expenses	Col. 8, line 78a times 2	xxx	xxx	xxx	14.28713	xxx	xxx	22
23	XIII	Coal and ore wharves return	Col. 8, line 78b times 2, 2/	xxx	xxx	xxx	1.75924	xxx	xxx	23
		Constant Expenses 7/								
24	-	Constant operating expenses common to CL and LCL	Line 105, 6/	xxx	xxx	xxx	xxx	(+)	(+)	24
25	-	Constant return common to CL and LCL	Lines 106 & 107, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	25
26	-	Passenger income (-) or deficit (+)	Line 109, 6/	xxx	xxx	xxx	xxx	( )	( )	26
27	-	Passenger return	Line 112, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	27
28	-	LCL income (-) or deficit (+)	Line 110, 6/	xxx	xxx	xxx	xxx	( )	( )	28
29	-	LCL return	Line 113, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	29
30	-	Credit for incidental and other revenues	Line 116, 6/	xxx	xxx	xxx	xxx	(-)	(-)	30
31	-	Total unit cost (O.T.Mil.cars) including interchange expense	Sum of lines 1-30, incl. hereto	7.39877	.24007	35.55860	50.05718	(+)	(+)	31
32	-	Total unit cost (O.T.Mil.cars) excluding interchange expense	Line 31 minus sum of lines 2, 4, 6, and 8 hereto	4.68814	.24007	35.55860	50.05718	(+)	(+)	32

(O.T. Mil.) means other than mileage cars.
(See reverse side for footnotes).

Source: Rail Form A prepared by Cost Findings Section of I.C.C. for Eastern District - Year 1955

415-2

3000
[fol. 4153]

EASTERN DISTRICT

Rail Form A, 9-53

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 8
Witness Petterson

Carload Unit Costs: Out-of-pocket costs for line-haul per car-mile and per ton-mile; and terminal costs per carload and per ton; constant costs for line-haul per ton-mile; and terminal costs per ton, shown in cents per service unit for the year 1952 1/

Equated to 7-1-57 - 114.1 Ratio

Carload unit costs for interline traffic in cents per service unit by type of equipment and by type of train
(Interchange switching costs treated as related to distance)

Line No.	Type of train 2/ (1)	Type of equipment (2)	Out-of-pocket expenses: Car-mile 3/ (3)	Out-of-pocket expenses: Net ton-mile 4/ (4)	Out-of-pocket expenses: Carload 5/ (5)	Out-of-pocket expenses: Ton 6/ (6)	Constant expenses: Ton-mile 7/ (7)	Constant expenses: Ton 8/ (8)	Line No.
1	Way train	Box							1
2		Gondola & hopper, excl. coal & ore traffic							2
3		Gondola & hopper, coal & ore traffic							3
4		Flat							4
5		Stock							5
6		Refrigerator							6
7		Tank							7
8	Average train	Box							8
9		Gondola & hopper, excl. coal & ore traffic							9
10		Gondola & hopper, coal & ore traffic							10
11		Flat							11
12		Stock							12
13		Refrigerator							13
14		Tank							14
15	Through train	Box							15
16		Gondola & hopper, excl. coal & ore traffic							16
17		Gondola & hopper, coal & ore traffic							17
18		Flat							18
19		Stock							19
20		Refrigerator							20
21		Tank							21
	Carload unit costs for single-line traffic in cents per service unit by type of equipment and by type of train 5/ 9/								
22	Way train	Box							22
23		Gondola & hopper, excl. coal & ore traffic							23
24		Gondola & hopper, coal & ore traffic							24
25		Flat							25
26		Stock							26
27		Refrigerator							27
28		Tank							28
29	Average train	Box	14.4389	.1009	6.477.379	18.1751			29
30		Gondola & hopper, excl. coal & ore traffic	17.6864	"	8.951.511	.1773			30
31		Gondola & hopper, coal & ore traffic	17.6846	"	"	16.6900			31
32		Flat	16.7707	"	"	18.1751			32
33		Stock							33
34		Refrigerator							34
35		Tank							35
36	Through train	Box							36
37		Gondola & hopper, excl. coal & ore traffic							37
38		Gondola & hopper, coal & ore traffic							38
39		Flat							39
40		Stock							40
41		Refrigerator							41
42		Tank							42

Note: To compute carload costs per 100 pounds for any length of haul the procedure is as follows:

(a) Divide the out-of-pocket terminal per-carload costs shown in col. 5 by the tons for which costs are desired and add the resultant cost per ton to the cost per ton shown in col. 6.

(b) Divide the out-of-pocket line-haul costs per car-mile shown in col. 3 for the applicable type of train and type of car in which the traffic is handled by the load in tons for which costs are desired. Add the resultant costs per ton-mile to the out-of-pocket line-haul costs per ton-mile for the applicable types of train shown in col. 4. Multiply the total costs thus obtained by the applicable length of haul in actual miles for the traffic under study to obtain the line-haul costs per ton.

(c) Add the costs per ton obtained in items (a) and (b) above to obtain the total out-of-pocket costs for the movement under study. To state the costs in an amount per 100 pounds, divide the result by 20 hundredweight.

(d) The fully distributed costs are to be computed by adding the constant expenses shown in cols. 7 and 8 to the applicable unit costs shown in cols. 4 and 6 and then following the same procedure as outlined in items (a) to (c) above.

(See following sheet for footnotes.)

415-3

Rail Form A, 9-55
Footnotes to Carload Unit Costs - Sheet 2 - 1955 - Equated to 7-1-57 = 114.1 Ratio

EASTERN DIS

1/ The purpose of this summary schedule is to provide carload unit costs separately for interline and single-line traffic. The unit costs shown in lines 1-21 are to be used for interline traffic, the interchange switching expenses being distributed on a car-mile basis. The unit costs in lines 22-42 exclude interchange switching expenses and are to be used for single-line traffic. These costs may also be used in computing costs for interline traffic where the interchange expense is distributed on a car basis and is added for a given number of interchanges between railroads.

2/ The line-haul running costs reflect the train running costs applicable to the system (or territory) average weight train of _____ (rev. G.T.M. per train-mile). Where desired, compute the increase (+) or decrease (-) in such unit cost (per ton-mile) to reflect the costs for any other given weight train or trains (local or way, through, etc.) as provided below:

Line No.	Type of train (1)	Out-of-pocket costs per train-mile (excluding train switching costs) a/ (dollars) (2)	Weight of train (gross tons) of cars, contents excluding cabooses (3)	Out-of-pocket cost per rev. plus nonrev. G.T.M. (excl. loco. & cab.) (col.2 ÷ col. 3) (cents) (4)	Out-of-pocket cost per rev. G.T.M. (col.4 ÷ .98317 ratio (Sch.A, sh.4, line 23, col. 14) (cents) (5)	Difference between rev. G.T.M. cost for avg. train & rev.G.T.M. cost for train under study b/ (cents) (6)
(a)	Avg. train...	V.31753	c/ 2907	.07986	g/ .081231	.000000
(b)	Way trains...		d/ 1189	.19491	.198257	+ .117026
(c)	Thru trains (total excl. way trains)..		d/ 3396	.06844	.069617	- .011819
(d)						
(e)						

a/ Insert in col. 2 the train-mile costs including those expenses (out-of-pocket portion) as to which the differentiation in the cost per revenue G.T.M. by type of train is desired. The expenses inserted in lines (b), (c), etc., may be computed for particular train movements (round trip excluding train switching) based on test period studies of payroll and other operating records of train performance. In such case insert in line (a) for "avg. trains" the corresponding system (or terr.) train-mile expenses taken from the formula. Special study results should be supported by working papers. Where no special studies are made, or where relative costs are desired for broad classes of trains based on differences in train weights, insert for all types of trains, lines (a), (b), (c), etc., a uniform cost per train-mile based on those expenses (out-of-pocket) which can be associated with train-miles and which are substantially unrelated to the weight of the train. Compute as follows: (1) Take * 39.295 % of locomotive expense (portion unrelated to locomotive weight)(from Sch.A, sh.1, line 37, col.16) $ 57.791.607, and divide by .995 ratio (from Sch.A, sh.4, line 28) equals $ 57.547.739. (2) To obtain transportation running expenses take from Sch.C, sh.1, col.5 sum of 100s of Accts. 372, 372(b), 376, 390-91, 392-93, 401-06, 412-13, 415-17, and * 39.295 % of Accts. 398-400, equals $ 251.537.433; increase this amount by .06884 (from Sch.D, sh.2, 1/* b/, line (f), col. 3), for transportation ex-wheel equals $ 268.848.739. (3) Total of locomotive and transportation expense equals $ 326.396.978 (sum of (1) and (2) hereto), increased by 16091 (Sch. A, line 17, col. 4) for general overhead equals $ 378.916.540. (4) Multiply the latter total by .9757 ratio (Sch.A, sh.4, line 28) to eliminate passenger portion of nonrevenue freight expense, amount equals $ 277.296.391. (5) Take out-of-pocket portion, 80.5 % (Sch. I, sh.1, line 16, col. 4), resulting total out-of-pocket expenses equals $ 201.837.113. (6) Divide by 148.604.917 total train-miles from A.R. 531, Item No. 6, col. (b) or from Preliminary Abstract Summary 1. = V.03114 X 114.1 = V.31753

* For percentage see Schedule A, sheet 1, footnote 1e, line (d), column 4.

b/ Insert difference between entries in col. 5, lines (b), (c), etc., as applicable, and col. 5, line (a).

c/ Total gross-ton-miles, revenue and nonrevenue, excluding cabooses 431.777.758.000 G.T.M. (from Sch.A, sh.4, line 21, col. 14) divided by total of 148.604.917 train-miles from A.R. Sch. 531, Item 6, col. (b), or Preliminary Abstract, Summary 1. = V.907

d/ Compute from train performance records, or compute way and through trains, from the following equation: (Mw x RTt) plus Mt x Tt) = Ta. Tt equals the average weight (tons for through trains (i.e., all trains excluding way trains); Ta is average weight for all trains (from line (a), col. (3), above); Mw and Mt are the ratios, respectively, of the miles actually run by conductors on local and way trains and the miles actually run by conductors on through trains, to the total miles actually run by such conductors from A.R. Schedule 561, Div. Nos. 113 and 114, col. (1), or tabulations supporting Statement M-300; R equals _____ ratio of the average tons (ton-miles per train-mile) for local or way trains to the average tons for through trains (from special studies). To compute average weight train for through trains, Tt, solve the above equation for Tt. To compute weight of way train, multiply average weight of through trains, Tt, by the ratio R.

e/ For verification of the entry in line (a), col. 5, divide the total expenses from a/ hereto, item 5, by the total revenue G.T.M. 473.999.056.000 from Sch. I, sh. 1, line 18, col. 7, quotient equals .711880 %. (Data should reconcile except for disposition of fractions.)

X 114.1 = .081231

[fol. 4154]

I. & S. Docket 6615
Exhibit _____(R.E.P.#1)(Revised)
Sheet 9
Witness Petterson

TRICT

1/ The car-mile expenses to be inserted in col. 3 include those distributable on a car-mile basis plus the gross-ton-mile expenses associated with the tare weight of the car. Where costs are desired for interline traffic, i.e., the interchange expenses are distributed on a car-mile basis, compute the car-mile expenses as shown in the table below, col. 7, and insert the figures by type of train in lines 1-21 of col. 3. Where costs are desired for single-line traffic or where the interchange switching costs are to be treated on a per-car basis dependent on the actual number of interchanges received by the traffic under study, compute the car-mile expenses as shown in the table below, col. 9, and insert the figures by type of train in lines 22-42 of col. 3.

Line	Type of equipment (1)	Gross-ton-mile exp. (unit cost, sh.1, line 31, col. 4) (2)	Tare weight a/ (3)	Tare wght. exp. per car-mile, col. 2 x col. 3 (4)	Loaded car-mile exp. (unit cost sh.1, line 31, col.3) (5)	Ratio of total to loaded car-miles b/ (6)	Total car-mile exp. (col. 4 + col. 5) times col. 6 c/ (7)	Loaded car-mile exp. excl.inter-chge.(unit cost,sh.1, L.32,col.3) (8)	Total car-mile exp. excluding inter-chge.(col.4 + col. 8 times col. 6 c/ (9)
	May train d/								
(a)	Box.....								
(b)	G & H...								
(c)	Flat....								
(d)	Stock...								
(e)	Refrig..				e/			e/	
(f)	Tank....				f/			b/	
	Average train d/								
(a)	Box.....	1.4007	24.1	√.78√69		1.38		4.6581	14.4351
(b)	G & H...		23.3	√.79363		1.77		"	17.6[illegible]
(c)	Flat....		23.3	√.79363		1.48		"	16.2[illegible]
(d)	Stock...								
(e)	Refrig..				e/			e/	
(f)	Tank....				f/			b/	
	Through train d/								
(a)	Box.....								
(b)	G & H...								
(c)	Flat....								
(d)	Stock...								
(e)	Refrig..				e/			e/	
(f)	Tank....				f/			b/	

a/ Special study, see Bureau of Accounts and Cost Finding Statement No. 1-51, page 9.
b/ Ratio of total (loaded plus empty) to loaded car-miles equals 1.0 plus _____ ratio from special study, see Bureau of Accounts and Cost Finding Statement No. 4-53, page 9.

3/ c/ Compute as follows:
Other running expenses and return common to all cars, Carload Unit Costs, sheet 1, col. 3 hereto, sum of lines 5 to 8 of (1)_____¢. plus inspection expense of (2)_____¢. plus standard refrigerator car mileage rental of (3)_____¢, plus net charges and credits for refrigeration and heater services of (4)_____¢; items (2) to (4), inclusive, increased for general overhead by multiplying the sum of such figures by 1.0 plus_____ratio from Schedule E, sheet 1, line 17, col. 4, equals (5)_____¢; total_____¢. Compute inspection costs for item (2) as follows: Multiply the sum of col. 7, lines 1 to 21, inclusive, from Schedule A, sheet 1, by the ratio from Schedule A, sheet 1, line 31, col. 2, and divide the remainder by the car-miles, loaded and empty, of cars rented on a mileage basis from Schedule A, sheet 4, line 17, col. 14. Compute net charges and credits for refrigeration and heater services for item (4) as follows: Multiply the net debit or credit from annual report schedule 320, footnote to account 402 of (a) $_____from Schedule C, sheet 1, footnote 12, item (b) by (1.0 plus_____ratio) from Schedule E, sheet 1, 9/, line (c), to include transportation overheads equals (b) $_____. Multiply item (b) by _____ratio from Schedule A, sheet 4, line 20, col. 14, to exclude the passenger-train service portion of nonrevenue freight equals (c) $_____. Divide item (c) by the total loaded and empty car-miles of refrigerator cars, from annual report schedule 376, line 3, column (b).

d/ Compute as follows:
Other running expenses and return common to all cars, Carload Unit Costs, sheet 1, column 3, hereto, sum of lines 5 to 8 of (1) _____¢ plus inspection costs of (2) _____¢ plus standard tank car mileage rental of (3) _____¢; the sum of items (2) and (3) increased for general overheads by multiplying such sum by 1.0 plus _____ratio from Schedule E, sheet 1, line 17, column 4, equals (4) _____¢; total, _____¢. See g/ item (2), above, for the amount of the inspection costs.

See following page for balance of subfootnotes.

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Rail Form A, 9-65
Footnotes to Carload Unit Costs - Sheet 2 (continued)

EASTERN DISTRICT

I. & S. Docket 6615
Exhibit _____(R.E.P. #1) Revised
Sheet 10
Witness: Petterson

y/ a/ Compute as follows:
Other running expenses and return, excluding interchange common to all cars from Carload Unit Costs, sheet 1, column 3, sum of lines 5 and 7 of (1) _____¢ plus inspection expense of (2) _____¢, plus standard refrigeration car mileage rental of (3) _____¢, plus net charges and credits for refrigeration and heater services of (4) _____¢; items 2 to 4, inclusive, increased for general overhead by multiplying the sum of such figures by 1.0 plus _____ratio from Schedule B, sheet 1, line 17, column 4 equals (5) _____¢; total _____¢. See footnote g/ above for inspection expense, item 2; for standard refrigeration car rental, item 3; and for net charges and credits for refrigerator and heater services, item 4.

z/ Compute as follows:
Other running expenses and return, excluding interchange common to all cars from Carload Unit Costs, sheet 1, column 3, sum of lines 5 and 7 of (1) _____¢ plus inspection expense of (2) _____¢ plus standard tank car mileage rental of (3) _____¢; the sum of items 2 and 3 increased for general overheads by multiplying such sum by 1.0 plus _____ratio from Schedule 6, sheet 1, line 17, column 4 equals (4) _____¢; total _____¢. See footnote g/, item 2 above for the amount of the inspection costs.

h/ Insert in col. 4, lines 1-42, the unit cost per gross-ton-mile from sheet 2.1/, col. 2, for applicable type of train.

i/ Where out-of-pocket costs are desired for interline traffic, and the interchange switching expenses are distributed on a car-mile basis, or where costs are desired for single-line traffic, i.e., interchange switching expenses are excluded, compute the carload or consignment costs as shown in col. 6 of the table below. Where out-of-pocket costs are desired for interline traffic, and the interchange switching expenses are treated as not related to distance, i.e., distributed on a per-car basis for interchange, compute the amount to be added to the expenses in col. 6 as shown below and bring forward the total out-of-pocket costs per carload for the number of interchanges under study, by types of equipment for insertion in col. 5, lines 22-42 of the carload unit costs, sh.2.

Line No.	Type of equipment (1)	Switching exp. (origin plus destination) (unit cost, sh.1, lines 11 to 14, col.5) (2)	Ratio of empty to loaded cars (1.0 plus _____ ratio)* (3)	Total switching exp.(loaded plus empty) col. 2 x col. 3 (4)	Other carload exp. (unit cost, lines 15, 16, 19, col. 5) (5)	Total carload exp. (col. 4 + col. 5) times 100 (6)
(a)	Box	7.295661	1.8	13.132190	1.160189	14.292379
(b)	Gondola & hopper	"	2.0	14.591322	"	15.751511
(c)	Flat	"	2.0	14.591322	"	15.751511
(d)	Stock					
(e)	Refrigerator	**				
(f)	Tank	**				

* Compute ratio as follows: 1.00 plus added ratio of empties spotted and pulled to loads spotted and pulled. For box cars use added ratio of _____. For all other cars use added ratio of _____.

** Omit Group VI expenses (lines 13 and 14) in computing switching expenses for mileage cars.

Compute the additional out-of-pocket cost per carload per interchange (2 carriers involved) as shown in the table to follow. Add the amount from line (i) of the table below to refrigerator and tank carload expenses shown in col. 6, lines (e) and (f), of the above table. Add the amount from line (q) of the table below to the box, gondola and hopper, flat and stock carload expenses shown in col. 6, lines (a) to (d), inclusive, of the above table. If expenses for more than one interchange switching service are to be included, the figures shown in lines (i) and (q) in the table below should be multiplied by the number of such interchanges.

Line No.	Item (1)	Source (2) 166107.197	Amount (3)
(a)	Interchange switching expenses	Sch.1, sh.1, line 7, col. 3 X 114.1	189.444.607
(b)	Interchange switching return--road	Sch.1, sh.1, line 7, col. 3 *	14.608.257
(c)	Interchange switching return--equip.	Sch.1, sh.1, line 10, col. 3 *	7.862.898
(d)	Subtotal	Sum of lines (a) to (c)	211.943.762
(e)	Total loaded plus empty cars given interchange switching	Sch. F, sh.1, line 15e, col. 1	46.860.726
(f)	Cost per car (loaded plus empty) per interchange per railroad	Line (d) ÷ line (e)	$4.52346
(g)	Ratio of empty to loaded cars given interchange switching	Special study **	
(h)	Cost per loaded car per interchange per railroad	Line (f) times (1.0 plus ____ ratio from line (g), col. 1	
(i)	Cost per loaded car interchanged between two carriers ***	Line (h) times 2 70.770.273	
(j)	Freight-train car expense--interchange	Sch.1, sh.1, line 18, col. 3 X 114.1	14.578.321
(k)	Freight-train car return--interchange	Sch.1, sh.1, line 20, col. 3 *	9.214.609
(l)	Subtotal	Sum of lines (j) and (k)	23.792.930
(m)	Total loaded plus empty other than mileage cars given interchange switg.	Line (e), col. 1, times 97.16 ratio from Sch.A, sh.1, 2/, line (f)	43.109.713
(n)	Freight-train car costs per car (loaded plus empty) other than mileage per interchange per railroad	Line (l) divided by line (m)	.75343
(o)	Freight-train car costs per loaded car per interchange per railroad	Line (n) times (1.0 plus ____ ratio from line (g), col. 1)	
(p)	Freight-train car costs per loaded car for one interchange between two carriers	Line (o) times 2	
(q)	Total cost per loaded car for one interchange between 2 carriers ****	Line (i) plus line (n)	

* Where applicable, adjust for Federal income taxes. See footnotes to carload unit costs, sheet 1, 2/, line (f), for ratio.

** Develop from a test study based on cars interchanged between railroads under study. Otherwise use ratio from Sch. A, sh. 2, footnote 9.

*** Applicable to refrigerator and tank car traffic.

**** Applicable to box, flat, gondola and hopper, and stock car traffic.

	Box	Open Top	Flat
1 - Cost per loaded car (line f ÷ line n x 2)	10.57	10.57	10.57
2 - Ratio of total to loaded car miles	1.38	1.72	1.48
3 - Cost per loaded and empty car (line 1 x line 2)	$14.5866	$18.1804	$15.6436
4 - Cwt. per car	554	1180	652
5 - Cost per cwt. per interchange (line 3 ÷ line 4)	2.63300¢	1.54070¢	2.39930¢
6 - One-half interchange (line 5 ÷ 2)	1.31650¢	.77035¢	1.19965¢
Adjusted to reflect average empty return movement for Eastern District and Pocahontas Region			
7 - Same as line 1	10.57	10.57	10.57
8 - Ratio of total to loaded car miles (Average Pocahontas Region and Eastern District)	1.36	1.795	1.50
9 - Cost per loaded and empty car (line 7 x line 8)	$14.3752	$18.9732	$15.8550
10- Cwt. per car	554	1180	652
11- Cost per cwt. per interchange (line 9 ÷ line 10)	2.59480¢	1.60790¢	2.43170¢
12- One-half interchange (line 11 ÷ 2)	1.29740¢	.80395¢	1.21585¢

41-5

I. & S. Docket No. 6615
Exhibit _____(R.E.P. #1) Revised
Sheet 11
Witness: Petterson

Computation of Inland Terminal and Eastern District Line Haul Unit Costs
for joint movements to Hampton Roads

	Type of Car		
	Box	Open Top	Flat
Inland Terminal			
1. Carload Terminal cost (Sheet 8, Col. (5) Lines 29, 30 and 32	5,472.379¢	5,951.511¢	5,951.511¢
2. Tons per car - (Average Poca. Reg. & Eastern Dist.)	27.7	59.0	32.6
3. Terminal cost per ton (Line 1 ÷ Line 2)	197.55881¢	100.87307¢	182.56169¢
4. Terminal " " " (Sheet 8, Col. (6), Lines 29, 30 and 32	28.12351¢	.57753¢	28.12351¢
5. Total out-of-pocket Terminal cost - Origin & Destination (Line 3 + Line 4)	225.68232¢	101.45060¢	210.68520¢
6. Inland terminal cost per ton (1/2 of Line 5)	112.84116¢	50.72530¢	105.34260¢
7. Inland terminal cost per cwt. (Line 6 ÷ 20)	5.64206¢	2.53627¢	5.26713¢
Line Haul			
8. Gross ton mile cost (Sheet 8, Line 29, Col. (4))	.24007¢	.24007¢	.24007¢
9. Tare weight of cars (U. S. average - Page 10 Statement 1-57)	24.1	23.3	23.3
10. Out-of-pocket cost per empty car mile - (Line 8 x Line 9)	5.78569¢	5.59363¢	5.59363¢
11. " " " " " loaded car mile - (Sheet 7, Line 32, Col. (3))	4.68814¢	4.68814¢	4.68814¢
12. Ratio of total to loaded car miles (Average Eastern District & Poca. Region)	1.36	1.795	1.50
13. Total out-of-pocket car mile cost excluding interchange (Line 10 + Line 11 x Line 12)	14.24441¢	18.45578¢	15.42266¢
14. Out-of-pocket cost per ton mile (Line 13 ÷ Line 2)	.51424¢	.31281¢	.47309¢
15. " " " " " " " (Sheet 8, Line 29, Col. (4))	.24007¢	.24007¢	.24007¢
16. Total out-of-Pocket line haul cost per ton mile - (14 + 15)	.75431¢	.55288¢	.71316¢
17. " " " " " " " cwt. mile - (Line 16 ÷ 20)	.03772¢	.02764¢	.03566¢

4156

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 12
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND CHICAGO	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	956	940	965	xx	956	940	965	xx	956	940	965	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	25.85024	25.41760	26.09360	xx	19.14868	18.82820	19.32895	xx	24.45448	24.04520	24.68470	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	33.23869	31.05966	33.48205	xx	22.76712	21.36447	22.94739	xx	31.35826	29.31233	31.58848	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	26.22533	5.37332	1.27232	32.87097	17.96326	3.69605	.87200	22.53131	24.74167	5.07103	1.20036	31.01306

HAMPTON ROADS AND DECATUR	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	817	680	xx	671	817	680	xx	671	817	680	xx
2. " - Eastern District # (Sheet 11 - Line 7)	270	173	278	xx	270	173	278	xx	270	173	278	xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	22.09168	18.38720	xx	13.44013	16.36451	13.52040	xx	17.16418	20.89886	17.39440	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)	10.18440	6.52556	10.48616	xx	7.46280	4.78172	7.68392	xx	9.62820	6.16918	9.91348	xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	36.14090	36.42990	38.43242	xx	24.78424	25.02754	26.26781	xx	34.09369	34.36935	36.24585	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	28.51517	6.30237	1.49843	36.31597	19.55477	4.32976	.99818	24.88271	26.89992	5.94590	1.37734	34.22316

Long haul of Port Carriers or Short Tariff Route.

4157

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 13
Witness Petterson

HAMPTON ROADS AND SPRINGFIELD, ILL.	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	817	680	xx	671	817	680	xx	671	817	680	xx
2. " - Eastern District #	312	212	320	xx	312	212	320	xx	312	212	320	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	22.09168	18.38720	xx	13.44013	16.36451	13.62040	xx	17.16418	20.89886	17.39440	xx
7. " " " -Eastern Dist. (2x5)	11.76864	7.99664	12.07040	xx	8.62368	5.85968	8.84480	xx	11.12592	7.55992	11.41120	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	37.72514	37.90098	40.01666	xx	25.94512	26.10550	27.42869	xx	35.59141	35.76009	37.74357	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	29.76514	6.55687	1.52063	37.84264	20.47070	4.51625	1.04229	26.02924	28.08162	6.18650	1.43426	35.70238

HAMPTON ROADS AND FORT WAYNE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	662	817	656	xx	662	817	656	xx	662	817	656	xx
2. " - Eastern District #	163	56	177	xx	163	56	177	xx	163	56	177	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	17.90048	22.09168	17.73824	xx	13.25986	16.36451	13.13968	xx	16.93396	20.89886	16.78048	xx
7. " " " -Eastern Dist. (2x5)	6.14836	2.11232	6.67644	xx	4.50532	1.54784	4.89228	xx	5.81258	1.99696	6.31182	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	31.86150	32.01666	33.97374	xx	21.64649	21.79366	22.99545	xx	30.04785	30.19713	32.03027	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	25.13872	5.53888	1.29100	31.96860	17.07908	3.77030	.87383	21.72321	23.70775	5.22410	1.21715	30.14900

Long haul of Port Carriers or Short Tariff Route.

4158

[fol. 4159]

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 14
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND INDIANAPOLIS	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	720	727	xx	671	720	727	xx	671	720	727	xx
2. " - Eastern District #	117	69	76	xx	117	69	76	xx	117	69	76	xx
(Sheet 11 - Line 7)												
3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19)												
4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17)												
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " " Cost-Pocahontas Reg. (1x4)	18.14384	19.46880	19.65808	xx	13.44013	14.42160	14.56181	xx	17.16418	18.41760	18.59666	xx
7. " " " -Eastern Dist. (2x5)	4.41324	2.60268	2.86672	xx	3.23388	1.90716	2.10064	xx	4.17222	2.46054	2.71016	xx
(Sheet 5 - Line 6)												
8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12)												
9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	30.36974	29.88414	32.08386	xx	20.55532	20.21007	21.62594	xx	28.63771	28.17945	30.24479	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	23.96172	5.16996	1.21919	30.35087	16.21815	3.49634	.82179	20.53628	22.59515	4.87504	1.14930	28.61949

HAMPTON ROADS AND MUNCIE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	776	760	784	xx	776	760	784	xx	776	760	784	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7)												
3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19)												
4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17)												
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	20.98304	20.55040	21.19936	xx	15.54328	15.22280	15.70352	xx	19.85008	19.44080	20.05472	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6)												
8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12)												
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	28.37149	26.19246	28.58781	xx	19.16172	17.75907	19.32196	xx	26.75386	24.70793	26.95850	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	22.38511	4.53130	1.08634	28.00275	15.11860	3.07232	.73423	18.92515	21.10880	4.27447	1.02442	26.40769

Long haul of Port Carriers or Short Tariff Route.

4159

[fol. 4160]

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 15
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND SOUTH BEND	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	662	847	656	xx	662	847	656	xx	662	847	656	xx
2. " - Eastern District #	245	48	264	xx	245	48	264	xx	245	48	264	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	17.90048	22.90288	17.73824	xx	13.25986	16.96541	13.13968	xx	16.93396	21.66626	16.78048	xx
7. " " " -Eastern Dist. (2x5)	9.24140	1.81056	9.95808	xx	6.77180	1.32672	7.29696	xx	8.73670	1.71168	9.41424	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	34.95454	32.52610	37.25538	xx	23.91297	22.17344	25.40013	xx	32.97197	30.67925	35.13269	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	27.57913	5.62702	1.41570	34.62185	18.86733	3.83601	.96520	23.66854	26.01488	5.30751	1.33504	32.65743

HAMPTON ROADS AND TERRE HAUTE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	662	720	680	xx	662	720	680	xx	662	720	680	xx
2. " - Eastern District #	211	141	181	xx	211	141	181	xx	211	141	181	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	17.90048	19.46880	18.38720	xx	13.25986	14.42160	13.62040	xx	16.93396	18.41760	17.39440	xx
7. " " " -Eastern Dist. (2x5)	7.95892	5.31852	6.82732	xx	5.83204	3.89724	5.00224	xx	7.52426	5.02806	6.45446	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	33.67206	32.59998	34.77358	xx	22.97321	22.20015	23.58673	xx	31.75953	30.74697	32.78683	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	26.56726	5.63980	1.32140	33.52846	18.12536	3.84063	.89630	22.86279	25.05827	5.31923	1.24590	31.62340

Long haul of Port Carriers or Short Tariff Route.

4160

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 16
Witness Patterson

HAMPTON ROADS AND ASHLAND	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	534	509	534	xx	534	509	534	xx	534	509	534	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7)												
3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19)												
4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17)												
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	14.43936	13.76336	14.43936	xx	10.69602	10.19527	10.69602	xx	13.65972	13.02022	13.65972	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6)												
8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12)												
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	21.82781	19.40542	21.82781	xx	14.31446	12.73154	14.31446	xx	20.56350	18.28735	20.56350	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	17.22214	3.35714	.82946	21.40874	11.29411	2.20256	.54395	14.04062	16.22460	3.16371	.78141	20.16972

HAMPTON ROADS AND LOUISVILLE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	742	717	742	xx	742	717	742	xx	742	717	742	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7)												
3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19)												
4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17)												
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	20.06368	19.38768	20.06368	xx	14.86226	14.36151	14.86226	xx	18.98036	18.34086	18.98036	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6)												
8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12)												
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	27.45213	25.02974	27.45213	xx	18.48070	16.89778	18.48070	xx	25.88414	23.60799	25.88414	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	21.65973	4.33015	1.04318	27.03306	14.58127	2.92332	.70227	18.20686	20.42259	4.08418	.98360	25.49037

Long haul of Port Carriers or Short Tariff Route.

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For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 17
Witness Petterson

HAMPTON ROADS AND DETROIT	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	873	844	869	xx	873	844	869	xx	873	844	869	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	23.60592	22.82176	23.49776	xx	17.48619	16.90532	17.40607	xx	22.33134	21.58952	22.22902	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	30.99437	28.46382	30.88621	xx	21.10463	19.44159	21.02451	xx	29.23512	26.85665	29.13280	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	24.45456	4.92424	1.17368	30.55248	16.65155	3.36340	.79893	20.81388	23.06657	4.64620	1.10705	28.81976

HAMPTON ROADS AND GRAND RAPIDS	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	976	947	972	xx	976	947	972	xx	976	947	972	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	26.39104	25.60688	26.28288	xx	19.54928	18.96841	19.46916	xx	24.96608	24.22426	24.86376	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	33.77949	31.24894	33.67133	xx	23.16772	21.50468	23.08760	xx	31.86986	29.49139	31.76754	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	26.65202	5.40607	1.27951	33.33760	18.27933	3.72031	.87733	22.87697	25.14532	5.10201	1.20717	31.45450

Long haul of Port Carriers or Short Tariff Route.

4162

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 18
Witness Petterson

HAMPTON ROADS AND MIDLAND	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	950	921	946	xx	950	921	946	xx	950	921	946	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	25.68800	24.90384	25.57984	xx	19.02850	18.44763	18.94838	xx	24.30100	23.55918	24.19868	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 5 - Line 6)	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
9. " - Eastern District (Sheet 10 - Line 12)				xx				xx				xx
10. Total (3+6+7+8+9)	33.07645	30.54590	32.96829	xx	22.64694	20.98390	22.56682	xx	31.20478	28.82631	31.10246	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	26.09732	5.28444	1.25280	32.63456	17.86844	3.63021	.85754	22.35619	24.62057	4.98695	1.18189	30.78941

HAMPTON ROADS AND ST. LOUIS	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	817	680	xx	671	817	680	xx	671	817	680	xx
2. " - Eastern District #	338	286	335	xx	338	286	335	xx	338	286	335	xx
3. Inland Terminal - Eastern District (Sheet 11 - Line 7)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 6 - Line 19)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District (Sheet 11 - Line 17)	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	22.09168	18.38720	xx	13.44013	16.36451	13.62040	xx	17.16418	20.89686	17.39440	xx
7. " " " -Eastern Dist. (2x5)	12.74936	10.78792	12.63620	xx	9.34232	7.90504	9.25940	xx	12.05308	10.19876	11.94610	xx
8. Interchange - Pocahontas Region (Sheet 5 - Line 6)	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
9. " - Eastern District (Sheet 10 - Line 12)	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	38.70586	40.69226	40.58246	xx	26.66376	28.15086	27.84329	xx	36.51857	38.39893	38.27847	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	30.53892	7.03976	1.54213	39.12081	21.03771	4.87010	1.05805	26.96586	28.81315	6.64301	1.45458	36.91074

Long haul of Port Carriers or Short Tariff Route.

4163

[fol. 4164]

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit _____(R.E.P.#1)(Revised)
Sheet 19
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND CINCINNATI	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	655	680	xx	671	655	680	xx	671	655	680	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7)												
3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19)												
4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17)												
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	17.71120	18.38720	xx	13.44013	13.11965	13.62040	xx	17.16418	16.75490	17.39440	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6)												
8. Interchange - Pocahontas Region	-	-	1.74639	xx	-	-	1.08217	xx	-	-	1.63665	xx
(Sheet 10 - Line 12)												
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	23.78590	23.35326	25.77565	xx	15.97640	15.65592	17.23884	xx	22.43131	22.02203	24.29818	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	18.76708	4.04011	.97947	23.78666	12.60538	2.70847	.65508	15.96893	17.69830	3.80981	.92333	22.43144

HAMPTON ROADS AND COLUMBUS	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	663	632	656	xx	663	632	656	xx	663	632	656	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7)												
3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19)												
4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17)												
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	17.92752	17.08928	17.73824	xx	13.27989	12.65896	13.13968	xx	16.95954	16.16656	16.78048	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6)												
8. Interchange - Pocahontas Region	-	-	1.74639	xx	-	-	1.08217	xx	-	-	1.63665	xx
(Sheet 10 - Line 12)												
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	23.56958	22.73134	25.12669	xx	15.81616	15.19523	16.75812	xx	22.22667	21.43369	23.68426	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	18.59640	3.93252	.95481	23.48373	12.47895	2.62877	.63681	15.74453	17.53684	3.70803	.90000	22.14487

Long haul of Port Carriers or Short Tariff Route.

4164

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 20
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND DAYTON	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	613	655	656	xx	613	655	656	xx	613	655	656	xx
2. " - Eastern District # (Sheet 11 - Line 7)	79	56	71	xx	79	56	71	xx	79	56	71	xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	16.57552	17.71120	17.73824	xx	12.27839	13.11965	13.13968	xx	15.68054	16.75490	16.78048	xx
7. " " " -Eastern Dist. (2x5)	2.97988	2.11232	2.67812	xx	2.18356	1.54784	1.96244	xx	2.81714	1.99696	2.53186	xx
8. Interchange - Pocahontas Region (Sheet 5 - Line 6)	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
9. " - Eastern District (Sheet 10 - Line 12)	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	27.36806	27.63618	29.97542	xx	18.34326	18.54880	20.06561	xx	25.79899	26.05317	28.25031	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	21.59340	4.78106	1.13907	27.51353	14.47283	3.20894	.76249	18.44426	20.35540	4.50720	1.07351	25.93611

HAMPTON ROADS AND LIMA	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	592	560	584	xx	592	560	584	xx	592	560	584	xx
2. " - Eastern District # (Sheet 11 - Line 7)	150	154	154	xx	150	154	154	xx	150	154	154	xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	16.00768	15.14240	15.79136	xx	11.85776	11.21680	11.69752	xx	15.14336	14.32480	14.93872	xx
7. " " " -Eastern Dist. (2x5)	5.65800	5.80888	5.80888	xx	4.14600	4.25656	4.25656	xx	5.34900	5.49164	5.49164	xx
8. Interchange - Pocahontas Region (Sheet 5 - Line 6)	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
9. " - Eastern District (Sheet 10 - Line 12)	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	29.47834	28.76394	31.15930	xx	19.88507	19.35467	20.91757	xx	27.79367	27.11775	29.36833	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	23.25841	4.97616	1.18405	29.41862	15.68932	3.34836	.79487	19.83255	21.92921	4.69137	1.11600	27.73658

Long haul of Port Carriers or Short Tariff Route.

4165

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 21
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND PORTSMOUTH	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	564	539	564	xx	564	539	564	xx	564	539	564	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	15.25056	14.57456	15.25056	xx	11.29692	10,79617	11.29692	xx	14.42712	13.78762	14.42712	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	-	1.74639	3.49280	xx	-	1.08217	2.16436	xx	-	1.63665	3.27332	xx
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	20.89262	21.96301	24.38542	xx	13.83319	14.41461	15.99755	xx	19.69425	20.69140	22.96757	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	16.48428	3.79960	.92665	21.21053	10.91439	2.49373	.60791	14.01603	15.53876	3.57961	.87277	19.99114

HAMPTON ROADS AND TOLEDO	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	791	762	787	xx	791	762	787	xx	791	762	787	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	21.38864	20.60448	21.28048	xx	15.84373	15.26286	15.76361	xx	20.23378	19.49196	20.13146	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	28.77709	26.24654	28.66893	xx	19.46217	17.77913	19.38205	xx	27.13756	24.75909	27.03524	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	22.70512	4.54065	1.08942	28.33519	15.35565	3.07925	.73652	19.17142	21.41153	4.28332	1.02734	26.72219

Long haul of Port Carriers or Short Tariff Route.

4166

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit _____(R.E.P.#1)(Revised)
Sheet 22
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND CHARLESTON	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	584	444	468	xx	584	444	468	xx	584	444	468	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	15.79136	12.00576	12.65472	xx	11.69752	8.89332	9.37404	xx	14.93872	11.35752	11.97144	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	23.17981	17.64782	20.04317	xx	15.31596	11.42959	12.99248	xx	21.84250	16.62465	18.87522	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	18.28887	3.05307	.76164	22.10358	12.08429	1.97732	.49371	14.55532	17.23373	2.87606	.71726	20.82705

HAMPTON ROADS AND HUNTINGTON	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	534	494	519	xx	534	494	519	xx	534	494	519	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	14.43936	13.35776	14.03376	xx	10.69602	9.89482	10.39557	xx	13.65972	12.63652	13.27602	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	21.82781	18.99982	21.42221	xx	14.31446	12.43109	14.01401	xx	20.56350	17.90365	20.17980	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	17.22214	3.28697	.81404	21.32315	11.29411	2.15058	.53253	13.97722	16.22460	3.09733	.76683	20.08876

Long haul of Port Carriers or Short Tariff Route.

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I. & S. Docket No. 6015
Exhibit _____(R.E.P. #1) Revised
Sheet 24
Witness: Petterson

COMPUTATION OF LINE HAUL UNIT COST FOR MOVEMENTS OF TRAFFIC

TO AND FROM DIFFERENTIAL TERRITORY AND NEW YORK

	Box	Open Top	Flat
1. Car mile cost (Sheet 8 - Lines 29, 30 and 32, Col. 3)	14.45389¢	17.68464¢	15.21702¢
2. Tons per car (Average Eastern Dist. & Poca. Reg.)	27.7	59.0	32.6
3. Ton mile cost (Line 1 ÷ Line 2)	.52180¢	.29974¢	.46678¢
4. Ton mile cost (Sheet 7 - Line 32, Col. 4)	.24007¢	.24007¢	.24007¢
5. Total ton mile cost	.76187¢	.53981¢	.70685¢
6. Total Cwt. cost (Line 5 ÷ 20)	.03809¢	.02699¢	.03534¢

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[fol. 4170]

Statement of Inland Terminal and Line Haul Costs
for Movements of Import and Export Traffic to and
from Differential Territory and New York

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit _____(R.E.P.#1) Revised
Sheet 25
Witness: Petterson

	Chicago			Decatur			Springfield Ill.		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	945	945	945	1003	1003	1003	1041	1041	1041
(Sheet 11 - Line 7) 2. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 3. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	35.99505	25.50555	33.39630	38.20427	27.07097	35.44602	39.65169	28.09659	36.78894
(Sheet 10 - Line 5) 5. Interchange - Eastern District				2.63300	1.54070	2.39930	2.63300	1.54070	2.39930
6. Total (2 + 4 + 5)	41.63711	28.04182	38.66343	46.47933	31.14794	43.11245	47.92675	32.17356	44.45537

	Fort Wayne			Indianapolis			Muncie		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	816	816	816	889	889	889	834	834	834
(Sheet 11 - Line 7) 2. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 3. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	31.08144	22.02384	28.83744	33.86201	23.99411	31.41726	31.76706	22.50966	29.47356
(Sheet 10 - Line 5) 5. Interchange - Eastern District									
6. Total (2 + 4 + 5)	36.72350	24.56011	34.10457	39.50407	26.53038	36.68439	37.40912	25.04593	34.74069

	South Bend			Terre Haute			Ashland		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	865	865	865	960	960	960	743	743	743
2. Miles - Pocahontas Region							123	123	123
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 4. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	* .03772	* .02764	* .03566
(Sheet 6 - Line 19) 5. Line Haul Unit Cost - Pocahontas Reg.							.02704	.02003	.02558
6. Line Haul Cost - Eastern District (1x4)	32.94785	23.34635	30.56910	36.56640	25.91040	33.92640	28.02596	20.53652	26.49538
7. Line Haul Cost - Pocahontas Reg. (2x5)							3.32592	2.46369	3.14634
(Sheet 10 - Line 12) 8. Interchange - Eastern District							1.29740	.80395	1.21585
(Sheet 5 - Line 6) 9. Interchange - Pocahontas Region							.87320	.54109	.81833
10. Total (3 + 6 + 7 + 8 + 9)	38.58991	25.88262	35.83623	42.20846	28.44667	39.19353	39.16454	26.88152	36.94303

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* Sheet 11 - Line 17

I. & S. Docket 6615
Exhibit _____(R.E.P.#1) Revised
Sheet 26
Witness: Petterson

Statement of Inland Terminal and Line Haul Costs for Movements of Import and Export Traffic to and from Differential Territory and New York

CENTS PER 100 POUNDS

	Louisville			Detroit			Grand Rapids		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	991	991	991	665	665	665	832	832	832
2. Inland Terminal - Eastern District (Sheet 11 - Line 7)	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
3. Line Haul Unit Cost - Eastern District (Sheet 24 - Line 6)	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	37.74719	26.74709	35.02194	25.32985	17.94835	23.50110	31.69088	22.45568	29.40288
5. Interchange - Eastern District (Sheet 10 - Line 5)									
6. Total (2 + 4 + 5)	43.38925	29.28336	40.28907	30.97191	20.48462	28.76823	37.33294	24.99195	34.67001

	Midland			St. Louis			Cincinnati		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	791	791	791	1139	1139	1139	849	849	849
2. Inland Terminal - Eastern District (Sheet 11 - Line 7)	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
3. Line Haul Unit Cost - Eastern District (Sheet 24 - Line 6)	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	30.12919	21.34909	27.95394	43.38451	30.74161	40.25226	32.33841	22.91451	30.00366
5. Interchange - Eastern District (Sheet 10 - Line 5)									
6. Total (2 + 4 + 5)	35.77125	23.88536	33.22107	49.02657	33.27788	45.51939	37.98047	25.45078	35.27079

	Columbus			Dayton			Lima		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	743	743	743	794	794	794	768	768	768
2. Inland Terminal - Eastern District (Sheet 11 - Line 7)	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
3. Line Haul Unit Cost - Eastern District (Sheet 24 - Line 6)	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	28.30087	20.05357	26.25762	30.24346	21.43006	28.05996	29.25312	20.72832	27.14112
5. Interchange - Eastern District (Sheet 10 - Line 5)									
6. Total (2 + 4 + 5)	33.94293	22.58984	31.52475	35.88552	23.96633	33.32709	34.89518	23.26459	32.40825

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[fol. 4172]

Statement of Inland Terminal and Line Haul Costs for Movements of Import and Export Traffic to and from Differential Territory and New York

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit _____(R.E.P.#1) Revised
Sheet 27
Witness: Petterson

	Portsmouth			Toledo			Charleston		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	743	743	743	711	711	711	934	934	934
2. Miles - Pocahontas Region	99	99	99						
(Sheet 11 Line 7) 3. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 4. Line Haul Unit Cost - Eastern District-	* .03772	* .02764	* .03566	.03809	.02699	.03534	.03809	.02699	.03534
(Sheet 6 - Line 19) 5. Line Haul Unit Cost - Pocahontas Region	.02704	.02003	.02558						
6. Line Haul Cost - Eastern District (1x4)	28.02596	20.53652	26.49538	27.08199	19.18989	25.12674	35.57606	25.20866	33.00756
7. Line Haul Cost - Pocahontas Reg. (2x5)	2.67696	1.98297	2.53242						
(Sheet 10 - Line 12) 8. Interchange - Eastern District	1.29740	.80395	1.21585						
(Sheet 5 - Line 6) 9. Interchange - Pocahontas Region	.87320	.54109	.81833						
10. Total (3 + 6 + 7 + 8 + 9)	38.51558	26.40080	36.32911	32.72405	21.72616	30.39387	41.21812	27.74493	38.27469

	Huntington			Milwaukee		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	743	743	743	887	887	887
2. Miles - Pocahontas Region	138	138	138			
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 4. Line Haul Unit Cost - Eastern District	* .03772	* .02764	* .03566	.03809	.02699	.03534
(Sheet 6 - Line 19) 5. Line Haul Unit Cost - Pocahontas Reg.	.02704	.02003	.02558			
6. Line Haul Cost - Eastern District (1x4)	28.02596	20.53652	26.49538	33.78583	23.94013	31.34658
7. Line Haul Cost - Pocahontas Reg. (2x5)	3.73152	2.76414	3.53004			
(Sheet 10 - Line 12) 8. Interchange - Eastern District	1.29740	.80395	1.21585	(1) 2.63300	(1) 1.54070	(1) 2.39930
(Sheet 5 - Line 6) 9. Interchange - Pocahontas Region	.87320	.54109	.81833			
10. Total (3 + 6 + 7 + 8 + 9)	39.57014	27.18197	37.32673	42.06089	28.01710	39.01301

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* Sheet 11 - Line 17
(1) Sheet 10 - Line 5

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 23
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND MILWAUKEE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	1168	1139	1164	xx	1168	1139	1164	xx	1168	1139	1164	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7)												
3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19)												
4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17)												
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	31.58272	30.79356	31.47456	xx	23.39504	22.81417	23.31492	xx	29.87744	29.13562	29.77512	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6)												
8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12)												
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	38.97117	36.44062	38.86301	xx	27.01348	25.35044	26.93336	xx	36.78122	34.40275	36.67890	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	30.74825	6.30423	1.47679	38.52927	21.31364	4.38563	1.02347	26.72274	29.02038	5.95168	1.39380	36.36586

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I. & S. Docket #6615
Exhibit _____ (NSP #2) (Revised)
Sheet 1
Witness: Patterson

STATEMENT OF SWITCHING AND TERMINAL COSTS AT HAMPTON ROADS, EXCLUDING PIER OR PORT COST BEYOND RAIL ENDS

Fully Distributed Cost equated to 7/1/57 (excluding Passenger and L.C.L. deficits) 6% return, without allowance for Federal Income Tax

Line No.						
1	Average switching minutes per car for C&O, N&W and Vgn. as developed on Form A - Year 1955					19.69
2	Switching minutes per car applicable to Import and Export traffic as developed by special studies:					
	(a) Chesapeake and Ohio					20.89
	(b) Norfolk and Western					13.06
	(c) Virginian					15.09
3	Ratio of results from special studies to average switching minutes:					
	(a) Chesapeake and Ohio	(Line 2(a) ÷ Line 1)				1.0609
	(b) Norfolk and Western	(Line 2(b) ÷ Line 1)				.6633
	(c) Virginian	(Line 2(c) ÷ Line 1)				.7664
4	Switching expense per car for C&O, N&W and Vgn.:					$8.94740
	(a) Switching	$53,599,839 ÷ 8,994,280 Cars =	$5.95933			
	(b) Freight Car Expense	10,910,446 ÷ 8,415,948 Cars =	1.29640			
	(c) Total (a) & (b)		7.25573	x 111.9 =	$8.11916	
	(d) Switching Road Return @ 6%	5,020,841 ÷ 8,994,280 Cars =	.55823			
	(e) Switching Equipt. " @ 6%	1,062,629 ÷ 8,994,280 Cars =	.11814			
	(f) Freight Car Return @ 6%	1,278,168 ÷ 8,415,948 Cars =	.15187			
	(g) Total (d) (e) & (f)				.82824	
	(h) Total (c) & (g)				$8.94740	
5	Ratio of Empty to Loaded Cars spotted and pulled - (Pocahontas Region - Form A)					1.963
6	Total Switching expense (Line 4 x Line 5)					$17.56375
7	Adjusted Switching expense per car -					
	(a) Chesapeake and Ohio	(Line 3(a) x Line 6)				$18.63338
	(b) Norfolk and Western	(Line 3(b) x Line 6)				11.65004
	(c) Virginian	(Line 3(c) x Line 6)				13.46086
8	Adjustment of N&W Cost to include Switching on Norfolk and Portsmouth Belt Line -					
	Total Import and Export cars during test period	677 x Line 7(b)			$7,887.08	
	Import and Export Cars to and from N.& P. Belt Line	328 x $16.09			5,277.52	
					$13,164.60 ÷ 677	$19.44549
9	Weighted average Switching cost per car for the three roads -					
	(a) Chesapeake and Ohio	(Line 7(a) x .173				$ 3.22357
	(b) Norfolk and Western	(Line 8 x .789				15.34249
	(c) Virginian	(Line 7(c) x .038				.51151
						$19.07757
10	Other Carload Terminal Costs:					5.38480
	(a) Station Clerical Expense	$15,240,902 ÷ 4,581,905 Carloads =	$3.32632			
	(b) Train Supplies & Expenses	5,886,307 ÷ 4,581,905 Carloads =	1.28469			
	(c) Total (a) & (b)		$4.61101	x 111.9 =	$5.15972	
	(d) Station Clerical Expense Return @ 6%	1,031,282 ÷ 4,581,905 Carloads =			.22508	
	(e) Total (c) & (d)				$5.38480	
11	Carload Switching and Terminal Costs					$24.46237
12	Switching and Terminal Cost per cwt.	Box Cars - 27.7 tons (Line 11 ÷ 554 cwt.)				4.416¢
		Open Top Cars - 51.0 tons (Line 11 ÷ 1180 cwt.)				2.073¢
		Flat Car - 32.6 tons (Line 11 ÷ 652 cwt.)				3.752¢

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I. & S. Docket 6615
Exhibit ____(R.E.P.#3) Revised
Sheet 1
Witness: Petterson

STATEMENT OF PIER OR PORT COSTS BEYOND RAIL END FOR HANDLING IMPORT AND EXPORT TRAFFIC AT HAMPTON ROADS (MERCHANDISE PIERS ONLY) 1956 COSTS EQUATED TO 7/1/57

Line No		Box	Open Top
1	Operating Costs	$ 1,235,561	$ 57,807
2	Repairs and Maintenance	318,123	32,841
3	Depreciation	205,866	19,710
4	Barge Expense	55,576	
5	Tug Boat Expense	123,708	
6	Taxes and Insurance	301,885	6,695
7	Traffic and General Overhead Expense	184,295	2,984
8	Return on Investment @ 6%	427,517	52,459
9	Total Expense	$ 2,852,531	$ 172,496
10	Tons Handled Over Piers	730,434	368,313
11	Cost per Ton	$ 3.91	$ 0.47
12	Cost per Cwt.	19.550¢	2.350¢

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[fol. 4176]

I. & S. Docket 6615
Exhibit _____(R.E.P.#4) Revised
Sheet 1
Witness: Petterson

SUMMARY STATEMENT SHOWING COSTS OF HANDLING IMPORT AND EXPORT TRAFFIC BETWEEN DIFFERENTIAL TERRITORY AND THE PORTS OF HAMPTON ROADS AND NEW YORK
(CENTS PER CWT.)

ORIGIN (1)	DESTINATION (2)	BOX CAR				OPEN TOP				FLAT			
		Inland Terminal Line Haul & Interchange (3)	Port Switching & Terminal (4)	Pier Cost (5)	Total Cost (6)	Inland Terminal Line Haul & Interchange (7)	Port Switching & Terminal (8)	Pier Cost (9)	Total Cost (10)	Inland Terminal Line Haul & Interchange (11)	Port Switching & Terminal (12)	Pier Cost (13)	Total Cost (14)
Chicago Ill.	Hampton Roads	32.87	4.42	19.55	56.84	22.53	2.07	2.35	26.95	31.01	3.75	2.35	37.11
	New York	41.64	6.31	46.55	94.50	28.04	2.89	43.05	73.98	38.66	5.23	43.05	86.94
Decatur Ill.	Hampton Roads	36.32	4.42	19.55	60.29	24.88	2.07	2.35	29.30	34.22	3.75	2.35	40.32
	New York	46.48	6.31	46.55	99.34	31.15	2.89	43.05	77.09	43.11	5.23	43.05	91.39
Springfield Ill.	Hampton Roads	37.84	4.42	19.55	61.81	26.03	2.07	2.35	30.45	35.70	3.75	2.35	41.80
	New York	47.93	6.31	46.55	100.79	32.17	2.89	43.05	78.11	44.46	5.23	43.05	92.74
Fort Wayne Ind.	Hampton Roads	31.97	4.42	19.55	55.94	21.72	2.07	2.35	26.14	30.15	3.75	2.35	36.25
	New York	36.72	6.31	46.55	89.58	24.56	2.89	43.05	70.50	34.10	5.23	43.05	82.38
Indianapolis Ind.	Hampton Roads	30.35	4.42	19.55	54.32	20.54	2.07	2.35	24.96	28.62	3.75	2.35	34.72
	New York	39.50	6.31	46.55	92.36	26.53	2.89	43.05	72.47	36.68	5.23	43.05	84.96
Muncie Ind.	Hampton Roads	28.00	4.42	19.55	51.97	18.93	2.07	2.35	23.35	26.51	3.75	2.35	32.51
	New York	37.41	6.31	46.55	90.27	25.05	2.89	43.05	70.99	34.74	5.23	43.05	83.02
South Bend Ind.	Hampton Roads	34.62	4.42	19.55	58.59	23.67	2.07	2.35	28.09	32.66	3.75	2.35	38.76
	New York	38.59	6.31	46.55	91.45	25.88	2.89	43.05	71.82	35.84	5.23	43.05	84.12
Terre Haute Ind.	Hampton Roads	33.53	4.42	19.55	57.50	22.86	2.07	2.35	27.28	31.62	3.75	2.35	37.72
	New York	42.21	6.31	46.55	95.07	28.45	2.89	43.05	74.39	39.19	5.23	43.05	87.47
Ashland Ky.	Hampton Roads	21.41	4.42	19.55	45.38	14.04	2.07	2.35	18.46	20.17	3.75	2.35	26.27
	New York	39.16	6.31	46.55	92.02	26.88	2.89	43.05	72.82	36.94	5.23	43.05	85.22
Louisville Ky.	Hampton Roads	27.03	4.42	19.55	51.00	18.21	2.07	2.35	22.63	25.49	3.75	2.35	31.59
	New York	43.39	6.31	46.55	96.25	29.28	2.89	43.05	75.22	40.29	5.23	43.05	88.57
Detroit Mich.	Hampton Roads	30.55	4.42	19.55	54.52	20.81	2.07	2.35	25.23	28.82	3.75	2.35	34.92
	New York	30.97	6.31	46.55	83.83	20.48	2.89	43.05	66.42	28.77	5.23	43.05	77.05
Grand Rapids Mich.	Hampton Roads	33.34	4.42	19.55	57.31	22.88	2.07	2.35	27.30	31.45	3.75	2.35	37.55
	New York	37.33	6.31	46.55	90.19	24.99	2.89	43.05	70.93	34.67	5.23	43.05	82.95
Midland Mich.	Hampton Roads	32.63	4.42	19.55	56.60	22.36	2.07	2.35	26.78	30.79	3.75	2.35	36.89
	New York	35.77	6.31	46.55	88.63	23.89	2.89	43.05	69.83	33.22	5.23	43.05	81.50
St. Louis Mo.	Hampton Roads	39.12	4.42	19.55	63.09	26.97	2.07	2.35	31.39	36.91	3.75	2.35	43.01
	New York	49.03	6.31	46.55	101.89	33.28	2.89	43.05	79.22	45.52	5.23	43.05	93.80
Cincinnati Ohio	Hampton Roads	23.79	4.42	19.55	47.76	15.97	2.07	2.35	20.39	22.43	3.75	2.35	28.53
	New York	37.98	6.31	46.55	90.84	25.45	2.89	43.05	71.39	35.27	5.23	43.05	83.55
Columbus Ohio	Hampton Roads	23.48	4.42	19.55	47.45	15.74	2.07	2.35	20.16	22.14	3.75	2.35	28.24
	New York	33.94	6.31	46.55	86.80	22.59	2.89	43.05	68.53	31.52	5.23	43.05	79.80
Dayton Ohio	Hampton Roads	27.51	4.42	19.55	51.48	18.44	2.07	2.35	22.86	25.94	3.75	2.35	32.04
	New York	35.89	6.31	46.55	88.75	23.97	2.89	43.05	69.91	33.23	5.23	43.05	81.61
Lima Ohio	Hampton Roads	29.42	4.42	19.55	53.39	19.83	2.07	2.35	24.25	27.74	3.75	2.35	33.84
	New York	34.90	6.31	46.55	87.76	23.26	2.89	43.05	69.20	32.41	5.23	43.05	80.69
Portsmouth Ohio	Hampton Roads	21.21	4.42	19.55	45.18	14.02	2.07	2.35	18.44	19.99	3.75	2.35	26.09
	New York	38.52	6.31	46.55	91.38	26.40	2.89	43.05	72.34	36.33	5.23	43.05	84.61
Toledo Ohio	Hampton Roads	28.34	4.42	19.55	52.31	19.17	2.07	2.35	23.59	26.72	3.75	2.35	32.82
	New York	32.72	6.31	46.55	85.58	21.73	2.89	43.05	67.67	30.39	5.23	43.05	78.67
Charleston W.Va.	Hampton Roads	22.10	4.42	19.55	46.07	14.56	2.07	2.35	18.98	20.83	3.75	2.35	26.93
	New York	41.22	6.31	46.55	94.08	27.74	2.89	43.05	73.68	38.27	5.23	43.05	86.55
Huntington W.Va.	Hampton Roads	21.32	4.42	19.55	45.29	13.98	2.07	2.35	18.40	20.09	3.75	2.35	26.19
	New York	39.57	6.31	46.55	92.43	27.18	2.89	43.05	73.12	37.33	5.23	43.05	85.61
Milwaukee Wisc.	Hampton Roads	38.53	4.42	19.55	62.50	26.72	2.07	2.35	31.14	36.37	3.75	2.35	42.47
	New York	42.06	6.31	46.55	94.92	28.02	2.89	43.05	73.96	39.01	5.23	43.05	87.29

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I. & S. Docket #6615
Exhibit_____(R.E.P.#5) Revised
Sheet 1
Witness: Petterson

STATEMENT SHOWING 1957 REVENUE AND COSTS PER CWT.-
DIFFERENTIAL TERRITORY POINTS AND HAMPTON ROADS
(CENTS PER CWT.)

ORIGIN OR DESTINATION (1)		COMMODITY (2)	TYPE OF CAR (3)	CWT. PER CAR (4)	MILES POCA. (5)	MILES EASTERN (6)	LINE HAUL UNIT COSTS POCA. (7)	LINE HAUL UNIT COSTS EASTERN (8)	INLAND TERMINAL (9)	LINE HAUL POCA. (10) (5x7)	LINE HAUL EASTERN (11) (6x8)	INTERCHANGE POCA. (12)	INTERCHANGE EASTERN (13)	PORT TERMINAL COST (14)	PIER COST (15)	COST PER CWT. (16) (9to15 Inc)	REVENUE PER CWT. (17)	REVENUE IN EXCESS OF COST (18) (17-16)
Chicago	Ill.	Candy	Box	513	592	389	.02847	.03977	6.037	16.854	15.471	.943	4.203	4.768	19.550	67.826	109.480	41.654
"	"	Tractor Engines	Flat	651.8	940	-	.02559	-	5.269	24.055	-	-	-	3.753	2.350	35.427	92.000	56.573
Decatur	"	Elec. Instruments	Box	274.8	671	347	.04519	.06384	10.660	30.322	22.152	1.761	7.847	8.902	19.550	101.194	302.929	201.735
Fort Wayne	Ind.	Powdered Milk	Box	452.2	817	56	.03106	.04350	6.754	25.376	2.436	1.070	1.589	5.410	19.550	62.185	81.000	18.815
Muncie	"	Glass Blocks	Box	460.2	760	-	.03068	-	6.649	23.317	-	-	-	5.316	19.550	54.832	119.000	64.168
Ashland	Ky.	Extract Tanning	Box	889	509	-	.02031	-	3.781	10.338	-	-	-	2.752	19.550	36.421	83.000	46.579
Louisville	"	Leaf Tobacco	Box	290.7	717	-	.04322	-	10.112	30.989	-	-	-	8.415	19.550	69.066	90.135	21.069
"	"	Neoprene Rubber	Box	799.4	717	-	.02156	-	4.126	15.459	-	-	-	3.060	19.550	42.195	96.240	54.045
"	"	"	Open Top	879.6	717	-	.02373	-	3.398	17.014	-	-	-	2.781	2.350	25.543	95.000	69.457
Detroit	Mich.	Autos K.D.	Open Top	445.8	844	-	.03789	-	6.690	31.979	-	-	-	5.487	2.350	46.506	115.000	68.494
"	"	Burlap	Box	384.8	791	59	.03490	.04902	7.814	27.606	2.892	3.771	1.968	6.357	19.550	69.858	87.853	17.995
Grand Rapids	"	Cotton Linters	Box	615.8	663	319	.02525	.03513	5.146	16.741	11.206	.786	1.167	3.972	19.550	58.568	74.730	16.162
"	"	Machinery	Box	332	947	-	.03899	-	8.945	36.924	-	-	-	7.368	19.550	72.787	147.000	74.213
St. Louis	Mo.	Shortening	Box	687.6	817	286	.02357	.03272	4.682	19.257	9.358	.703	1.045	3.558	19.550	58.153	87.000	28.847
"	"	Grass Seed	Box	333	671	370	.03890	.05478	8.920	26.102	20.269	1.453	2.158	7.346	19.550	85.798	124.544	38.746
Cincinnati	Ohio	Steel Ingots	Open Top	1348	671	-	.01867	-	2.222	12.528	-	-	-	1.915	2.350	18.915	51.913	32.998
Columbus	"	Butter Oil	Box	424	663	-	.03252	-	7.156	21.561	-	-	-	5.769	19.550	54.036	95.703	41.667
Lima	"	Mill Rolls	Open Top	794.4	560	154	.02529	.03523	3.760	14.162	5.425	.804	1.194	3.079	2.350	30.774	109.000	78.226
Toledo	"	Auto Parts	Box	443.2	592	255	.03151	.04414	6.877	18.654	11.256	1.092	1.622	5.519	19.550	64.570	103.536	38.966
"	"	Tractor Treads	Open Top	530.6	592	255	.03330	.04678	5.623	19.714	11.929	1.203	1.788	4.610	2.350	47.217	107.499	60.282
"	"	Auto Parts	Flat	336.8	592	255	.04093	.05779	9.538	24.231	14.736	1.584	2.354	7.263	2.350	62.056	123.219	61.163
Charleston	W.Va.	Chemicals	Box	428	444	-	.03230	-	7.096	14.341	-	-	-	5.716	19.550	46.703	81.000	34.297
Huntington	"	Nickel	Open Top	1120.6	494	-	.02060	-	2.670	10.176	-	-	-	2.183	2.350	17.979	105.000	87.021
"	"	"	Box	301.6	494	-	.04199	-	9.775	20.743	-	-	-	8.111	19.550	58.179	105.000	46.821

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[fol. 4178]. Secretary's certificate (omitted in printing).

[fol. 4179]

I.C.C. Exhibit No. 89

Before the

INTERSTATE COMMERCE COMMISSION

I. and S. Docket No. 6615

Equalization of Rates at North Atlantic Ports

Testimony of
W. M. Warren
Assistant General Auditor
The Chesapeake and Ohio Railway Company
Cleveland, Ohio

Revised

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney (John W. Hanifin, 1500 First National Bank Building, Richmond 10, Virginia) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 4180] Q. — Please state your name, position, and address.

A. — My name is Wilbur M. Warren. I am Assistant General Auditor, Chesapeake and Ohio Railway. My headquarters are at Cleveland, Ohio.

Q. — What railroad experience have you had?

A. — I have had some 30 years of experience in railroad work, consisting of traffic, accounting, and costs.

"Rail Carload Cost Scales"

Q. — Mr. Warren, are you familiar with the ICC's "Rail Carload Cost Scales?"

A. — Yes; I am.

Q. — Have you prepared, or had prepared under your supervision, a study of the costs involved in this case, based on the ICC's "Rail Carload Cost Scales?"

A. — Yes; I have. It will be my Exhibit No. ——.

Q. — Please proceed, in your own way, to explain the study you made.

A. — Exhibit No. —— consists of 16 pages. We can take it up page by page.

Pages 1, 2, and 3 consist of extracts from the ICC's "Rail Carload Cost Scales," used in the study.

[fol. 4181] 1. Table 3 and Appendix C:

Page 1 shows Table 3, "Carload Unit Costs by Types of Train and by Types of Equipment Based on the Year 1955 Operations with Adjustment to Reflect Wage and Price Levels as of January 1, 1957." All cost factors used, however, were increased by 2.566 percent to trend them approximately to July 1, 1957. The basic cost factors referred to hereinafter have been so increased.

Average weight trains were used. The average weight train was 2,902 gross tons for the Eastern District; that for the Pocahontas Region was 3,972 gross tons. The study was based also on box cars.

Page 1 shows also Appendix C, "Carload Line-Haul Unit Costs by Types of Equipment for Interchange Switching Service Based on Year 1955 Operations with

Adjustment to Reflect Wage and Price Levels as of January 1, 1957." The out-of-pocket costs thereof, in cents per loaded car-mile, are deducted from the line-haul unit costs per car-mile given in Table 3. In the case of Eastern District, for example, the figure of 3.75241 cents, in Appendix C, is deducted from 18.24680 cents in Table 3, leaving 14.49439 cents. This takes the interchange costs out of the line-haul unit costs.

2. Adjustment for Interchange:

Q. — What, then, do you do about the interchange costs?

A. — I will explain it:

Page 2, headed "Adjustment for Interchange," reproduces the pertinent portions of items 19 and 22 B (1) of the ICC's "Rail Carload Cost Scales," which deal with it. The interchange costs per car are shown in the table on Page 2. They are $10.61 for the Eastern District and $7.40 for the Pocahontas Region. These [fol. 4182] figures, however, have to be increased by 38 percent and 34 percent, respectively, for empty return of cars. As thus increased, they become $14.64 and $9.92 per car, respectively. Each of these figures covers one complete interchange. However, if the interchange is between Eastern District carrier, on the one hand, and a Pocahontas Region railroad, on the other hand, we take one-half of each and add them. The interchange costs, as thus adjusted, become $12.28 per car.

3. Adjustment for Hampton Roads Ports Switching:

Q. — Will you please take up now the switching at Hampton Roads Ports?

A. — Page 3, headed "Adjustment for Hampton Roads Ports Switching," reproduces pertinent portions of items 16 and 22 A (2) of the ICC's "Rail Carload Cost Scales." These relate to switching costs for origins or destinations, based on average minutes per loaded car. The time for the Pocahontas Region was 18 minutes. The weighted average time for the three

Pocahontas Region roads at Hampton Roads Ports during test weeks in November, 1956, was 24.985 minutes per car. (This included an estimate for switching performed by Norfolk and Portsmouth Belt Line Railroad.) The costs, therefore, were increased by $4.09 per car ($0.00738 per 100 pounds for box car with load of 55,400 pounds) to reflect this greater time in switching minutes per car.

[fol. 4183] *23 Interior Points*

Q. — Mr. Warren, were you furnished by the traffic people with a list of interior points, with routes and distances, for costing purposes, from or to the Hampton Roads Ports of Newport News-Norfolk, Virginia?

A. — Yes; I was.

Newport News-Norfolk, Virginia:

4. Routes:

The routes are shown on Page 4.

5. Physical Data:

The points in the interior, 23 in number, are shown on Page 5. It also shows (1) class-rate mileages, (2) routes and distances of C&O, N&W, and Vgn, with the average for the three roads for each interior point, and (3) actual and average number of interchanges.

6. Construction of Costs:

Page 6, headed "Construction of Costs," takes the physical data (mileages and interchanges) and proceeds to construct the costs. The costs are for box-car traffic for a net load of 27.7 tons or 55,400 pounds per car. This is the average for box-car traffic for the Eastern District and the Pocahontas Region.

[fol. 4184] *New York, New York*:

Q. — Did you also construct the costs between the same 23 interior points and New York, New York?

A. — Yes; I did.

7. Physical Data and Routes:

Page 7 shows the "Physical Data and Routes." The routes and distances were furnished me by the traffic people.

8. Construction of Costs:

Page 8, headed "Construction of Costs," takes the physical data and proceeds to construct the costs between the 23 points in the interior and New York.

Newport News-Norfolk, Virginia,
versus New York, New York:

9. Statement:

Q. — Did you make a comparison of the costs for Newport News-Norfolk, on the one hand, with the costs for New York, on the other hand, for each of the 23 points in the interior?

A. — Yes; I did. The figures are shown on Page 9. They include, for Newport News-Norfolk and New York, distances, and costs per 100 pounds, per ton of 2,000 pounds, and per car of 55,400 pounds. The last three columns show the differences Newport News-Norfolk under New York.

[fol. 4185] Q. — I notice you show the averages at the bottom of the page. Will you please state the average differences reflected by the costs for Newport News-Norfolk under those for New York?

A. — They are (1) 11.019 cents per 100 pounds, (2) $2.20 per ton, and (3) $61.04 per car.

10. Chart—Individual Points:

Q. — Do you have a chart that shows how the costs for Newport News-Norfolk, on the one hand, compare with those for New York, on the other hand, for each of the 23 interior points.

A. — Yes; it is Page 10. The points are arranged beginning with Charleston, West Virginia, the low-cost point for Newport News-Norfolk, and ending with St. Louis, Missouri, the high-cost point for Newport News-Norfolk.

The chart shows that the costs for Newport News-Norfolk are lower in every case than those for New York. The lowest spread is 2.347 cents per 100 pounds for Detroit, Michigan; the highest is 22.542 cents per 100 pounds for Charleston, West Virginia.

Differential Territory

Q. — Let's get away from the 23 specific interior points now. Did you prepare a somewhat similar study for all of Differential Territory (except points east of the line from Sandusky to Marietta, Ohio), showing the data by states?

A. — Yes; I did.

[fol. 4185a] 11. Physical Data and Construction of Costs:

Page 11 shows the "Physical Data and Construction of Costs." The study includes 265 base points in 9 states, the class-rate mileages shown being the average for all base points within the given state. Note that the class-rate mileages were increased by 5.40 percent in the case of Newport News-Norfolk, and by 13.69 percent in the case of New York. These are the percentages that result from similar data for the 23 specific interior points, used in the first part of my study.

When for Newport News-Norfolk, the distances were divided between Pocahontas Region and Eastern District in an approximate manner. Attention is directed, in this connection, to footnote 3 on Page 11.

Inasmuch as the interchanges were not available, we used the line-haul cost factors without deduction of the interchange switching service costs. Stated differently, the latter costs were left in the line-haul costs.

Newport News-Norfolk, Virginia, versus New York, New York:

12. Statement:

Q. — Did you make a comparison of these costs for all Differential Territory between Newport News-

Norfolk, on the one hand, and New York, on the other hand?

A. — Yes. It is shown on Page 12.

Please note that the differences of Newport News-Norfolk under New York average 16.405 cents per 100 pounds, $3.28 per ton of 2,000 pounds, and $90.89 per car of 55,400 pounds. The smallest spread is for Mich-[fol. 4186] igan, 10.562 cents per 100 pounds; the greatest spread is for Kentucky, 22.115 cents per 100 pounds.

13. Chart—Average and by Mileage:

Q. — Do you have a chart that shows (1) the average costs and (2) the costs by mileage for Newport News-Norfolk, on the one hand, and New York, on the other hand?

A. — Yes. It is shown on Page 13.

Differential Territory
(Class-Rate Mileages Plus 13 Percent)

Newport News-Norfolk, Virginia,
versus New York, New York:

14. Statement:

Q. — Did you prepare a similar statement, that is, along the lines of your Page 12, in which you based the costs to both Newport News-Norfolk and New York on class-rate mileages plus, in each case, 13 percent?

A. — Yes; I did. It is covered by Page 14.

The differences in the costs for Newport News-Norfolk under those for New York average 13.301 cents per 100 pounds, $2.66 per ton of 2,000 pounds, and $73.69 per car of 55,400 pounds. Whereas, the spread amounted to $90.89 per car on Page 12, it amounts to $73.69 on this page, a difference between the two spreads of $17.20 per car. The spreads vary only by 3.104 cents per 100 pounds.

[fol. 4187]

Differential Territory
(Class-Rate Mileages Plus 13 Percent)
Plus Full Port Terminal and Pier Costs

Newport News-Norfolk, Virginia
versus New York, New York:

15. Statement:

Q. — Did you prepare also a similar statement in which you based the costs to both Newport News-Norfolk and New York on the class-rate mileages plus 13 percent, and to which you added the full costs for port terminal and pier services?

A. — Yes. It is covered by Page 15.

The box-car pier costs at Hampton Roads Ports amount to $3.91 per ton. The full port terminal and box-car pier costs at New York, as appear in statement of Pennsylvania Railroad filed in this proceeding, amount to $34.96 per car plus $9.31 per ton. Combined, the figure would be $10.57 per ton.

As adjusted to include these costs, the differences of Newport News-Norfolk under New York amount to 40.108 cents per 100 pounds, $8.03 per ton of 2,000 pounds, and $222.20 per car of 55,400 pounds.

16. Chart—Average and by Mileage:

Q. — Do you also have a chart illustrating these spreads, first as an average of 9 interior states constituting Differential Territory, and second based on mileage?

A. — Yes. It is shown on Page 16. It is self-explanatory.

[fol. 4188]

Port Costs

1 and
2. Port Costs:

Q. — What have you to say with respect to the port costs of the Chesapeake and Ohio Railway at Newport News, Virginia?

A. — I have had prepared Exhibit No. ——, to show them for 1956.

The exhibit consists of a title page and 3 other pages. Pages 1 and 2 show the figures for the costs. Page 3 shows the "Explanatory Notes."

The data for 10 of the more important expense accounts are substantially *"Actual."* The same thing is true of property taxes. A few of the items are estimated, as explained in the "Explanatory Notes." The minor accounts, included to put the data on basis of *full costs,* reflect system ratios for apportionments. Note that the data include "Traffic" and "General." Return was calculated on basis of 6 percent.

Q. — Mr. Warren, I note on Page 2, Line 42, that you deduct what you term "Extraneous Revenues." Please explain this.

A. — The situation is explained in Explanatory Note 10. More specifically, the expenses for performing these services are included in the cost figures, and it was impossible—or at least impracticable—to separate them out and deduct them. As an expedient, therefore, the revenues obtained from these extraneous services, which could be compiled, were deducted. This assumes, [fol. 4189] of course, that the costs of performing the extraneous services are commensurate with the revenues earned. My own view is that the costs would actually exceed the revenues. The charges for the services, generally speaking, have remained unchanged for a good many years.

Q. — Mr. Warren, what is the C&O's situation at Newport News with respect to handling imported ores?

A. — Up until approximately the present time, they were handled entirely over Pier 2. Pier 2 is an open-top pier. It is equipped with 2 gantry cranes with lift capacity up to 30 tons. Cranes can handle lifts 30 feet over sides of pier and are equipped with ore buckets. In 1956, the C&O handled 1,327,948 tons of ores over Pier 2. However, only 141,080 tons or 10.62 percent of the tonnage moved to Differential Territory and is involved in this case. Iron ore is excluded from this case.

Q. — What did you do, Mr. Warren, about the C&O's costs incurred on Pier 2, for handling ores?

A. — They are shown on Page 2, Line 43, i.e., $240,149 for 1956. Taking 10.62 percent thereof, representing the percentage of the tonnage handled to Differential Territory, results in approximate costs of only $25,504.

Q. — Was this $25,504 furnished the Norfolk and Western Railway for inclusion in the combined pier costs for the Hampton Roads Ports?

[fol. 4190]. A. — It was not. No quick and ready adjustment for meshing these costs, and the commensurate tonnage, into the combined data, presented itself.

Q. — What is the effect on the combined data, and particularly the final figures per ton, of excluding therefrom the Pier 2 costs?

A. — The effect is that they are somewhat higher than they otherwise would be. Stated differently, they are somewhat overstated.

Q. — Does the C&O make a charge, or charges, for the use of its gantry cranes and ore buckets on Pier 2?

A. — Yes; it does. The revenues from these services amounted to $84,986 in 1956.

Q. — In studying the port costs for Piers 4, 5, 6, and 8, I presume, Mr. Warren, that you made no separation for cost purposes between tonnage handled (1) from or to Differential Territory, involved in this case, and (2) from or to non-Differential Territory, not involved in this case?

A. — That is correct. It would have been impossible —or at least impracticable—to separate the tonnage for cost purposes.

Q. — How did you handle the situation?

A. — Well, we had the total tonnage handled over Piers 4, 5, 6, and 8 during 1956, which amounted to 379,718 tons. We assumed, of course, that "a ton is a ton," and all were treated alike.

[fol. 4191] Q. — Does the C&O barge any traffic between its Piers 4, 5, 6, and 8, on the one hand, and ships docked at Norfolk or lying in stream, on the other hand, and, if so, please tell us what you did about that?

A. — Yes; the C&O barges a limited amount of traffic. The services are compelled by competitive circum-

stances. Therefore, we developed also the costs of barging for 1956. I will explain them briefly.

The big item of expense in barging traffic results from the use of tugboats in performing it. This is shown on Line 40 of Page 2 as "Proration of Tugboat Expenses," amounting to $118,494.

A detailed day-to-day study of tugboat time was made at Newport News during January, 1956. All time, including non-productive time, such as out of service for repairs, fueling, receiving stores, and waiting for orders and time to carry out orders, was divided among the productive services performed. The latter consist of (1) docking, undocking, and shifting vessels (a non-ICC service), (2) handling carfloats between Newport News and Norfolk (a part of the C&O's line-haul service in reaching Norfolk), and (3) barging—the service we are dealing with here. It was found in that study that barging accounted for 6.92 percent of the tugboat time, so 6.92 percent of the tugboat costs (carefully calculated and amounting to $1,712,346 at Newport News for 1956) were prorated to barging.

The "Total Costs" for barging, shown on Line 43, amounted to $183,248 for 1956.

Q. — Let me ask you this, Mr. Warren. Are the barge costs *in addition to,* or *in lieu of,* the costs of wharfage and handling at Piers 4, 5, 6, and 8?

[fol. 4192] A. — They are *in addition to* the costs incurred at the piers proper. However, the tonnage barged is not in addition to, but is included in, the total tonnage handled over the piers.

Q. — What is the sum total of the costs incurred by the C&O at Newport News in 1956 for (1) wharfage and handling at Piers 4, 5, 6, and 8, and (2) for barging traffic, shown on Pages 1 and 2, respectively?

A. — $1,545,634.

Q. — What did you do with that figure?

A. — It was furnished by me to Mr. R. E. Petterson, Comptroller, Norfolk and Western Railway. Mr. Petterson will use it, along with the figure of 379,718 tons, to arrive at combined figures for pier costs at Hampton Roads Ports.

Q. — While wharfage and handling are absorbed on Differential Territory traffic, isn't it a fact that the C&O at Newport News makes a charge, or charges, for performing these services on other traffic, and, if so, do you have the revenues produced by them?

A. — The answer is, "Yes." The revenues therefrom amounted to $177,749 for 1956.

[fol. 4193]

VERIFICATION

STATE OF OHIO)
) ss:
COUNTY OF CUYAHOGA)

W. M. Warren, being duly sworn, deposes and says: That he is Assistant General Auditor of The Chesapeake and Ohio Railway Company, and that the foregoing statement is true and correct to the best of his information, knowledge, and belief.

/s/ W. M. WARREN
W. M. Warren

Subscribed and sworn to before me on this the 13th day of December, 1957.

My Commission expires on April 21, 1959

/s/ R. D. BROWN
Notary Public.

R. D. BROWN, Notary Public
My Commission Expires April 21, 1959

Protestants' Exhibit No. W-1
Witness: W. M. Warren REVISED

BEFORE

THE

[fol. 4194]

INTERSTATE COMMERCE COMMISSION

I. AND S. DOCKET NO. 6615,

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

COSTS

BASED ON

"RAIL CARLOAD COST SCALES"

Index

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[fol. 4196]

INTERSTATE COMMERCE COMMISSION
Bureau of Accounts Cost Finding and Valuation

RAIL CARLOAD COST SCALES BY TERRITORIES AS OF JAN. 1, 1957

BASED ON YEAR 1955 OPERATIONS WITH ADJUSTMENT TO REFLECT WAGE AND PRICE LEVELS AS OF JANUARY 1, 1957

Prepared by the Cost Finding Section

Statement No 1-57

Washington, D.C.
March 1957

This study, issued as information, has not been adopted by the Interstate Commerce Commission

Table 3.--Carload Unit Costs by Types of Train and by Types of Equipment Based on the Year 1955 Operations with Adjustment to Reflect Wage and Price Levels as of January 1, 1957 1/

(Costs shown in cents per service unit)

Type of train (1)	Type of equipment (2)	Empty return ratio (3)	Out-of-pocket expenses: Line-haul: Per car-mile (4)	Line-haul: Per cwt.-mile (5)	Terminal: Per carload (6)	Terminal: Per cwt. (7)
Eastern District						
Average weight train	Box	.38	17.79030	.01175	5,351.447	1.372
	G&H, excl. coal & ore 2/	.72	21.85017	.01175	5,820.337	.028
	G&H, coal and ore 2/	.72	21.85017	.01175	5,820.337	.812
	Flat	.48	18.80131	.01175	5,820.337	1.372
	Stock	1.02	24.90197	.01175	5,820.337	1.372
	Refrigerator	.75	28.62556	.01175	4,675.853	1.372
	Tank	.97	29.23953	.01175	4,675.853	.028
Pocahontas Region						
Average weight train	Box	.34	11.41451	.00909	3,469.641	.039
	G&H, excl. coal & ore 2/	.87	15.65736	.00909	3,762.892	.011
	G&H, coal and ore 2/	.87	15.65736	.00909	3,762.892	.837
	Flat	.52	12.72684	.00909	3,762.892	.039
	Stock	.97	15.92191	.00909	3,762.892	.039
	Refrigerator	.72	23.04748	.00909	3,116.442	.039
	Tank	1.00	23.80924	.00909	3,116.442	.011

Appendix C - Carload Line-haul Unit Costs by Types of Equipment for Interchange Switching Service Based on Year 1955 Operations with Adjustment to Reflect Wage and Price Levels as of January 1, 1957 1/

(Line-haul costs shown in cents)

Territory (1)	Type of equipment (2)	Empty return ratio (3)	Out-of-pocket per loaded car-mile (4)	Constant per hundredweight-mile (5)
Eastern district	Box	.38	3.65853	.00177
	Gondola and hopper	.72	4.55991	.00177
	Flat	.48	3.92364	.00177
	Stock	1.02	5.35524	.00177
	Refrigerator	.75	3.90763	.00177
	Tank	.97	4.39887	.00177
Pocahontas region	Box	.34	1.69207	.00063
	Gondola and hopper	.87	2.36132	.00063
	Flat	.52	1.91936	.00063
	Stock	.97	2.48760	.00063
	Refrigerator	.72	1.88650	.00063
	Tank	1.00	2.19360	.00063

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19. Treatment of switching costs--interchange:

The territorial costs (adjusted to January 1, 1957) for interchange switching service either at the point of delivery or at the point of receipt have been included in the cost scales (Tables 1, 2, and 3) as a portion of the line-haul costs by type of car. The costs for interchange switching service have been developed and are shown in Appendix C for the out-of-pocket level in cents per loaded car-mile, which includes the cost of switching the car on the basis of the empty-return ratio shown in Appendix C. The constant portion is shown in cents per hundredweight-mile. The costs for interchange switching in Appendix C include locomotive expenses, fuel, crews' wages, track maintenance, and freight-train car costs. For adjustments, see Item 22 B(1).

3. Adjustments for line-haul costs:

(1) Switching costs at interchange points.

In the case of Table 3, the unit cost per car-mile shown in Appendix C, column 4, should be subtracted from the line-haul out-of-pocket expenses shown in Table 3, column 4, and the resulting amount used as the line-haul out-of-pocket costs per car-mile. The constant expenses shown in Table 3, column 5, should be reduced by the amount shown in Appendix C, column 5.

When the number of actual interchange handlings are known for a particular movement, the costs shown in Tables 1, 2, and 3, after adjustment to eliminate interchange switching service costs from the line-haul expenses, may be adjusted to include the interchange costs for each interchange by use of the following table:

	Eastern district (2)	Pocahontas region (3)	Southern region (4)	Western district (5)
	Out-of-pocket costs--Loaded or empty car (but not both)			
Refrigerator and tank cars	$8.86	$5.81	$5.39	$7.90
All other	10.34	6.67	6.45	9.21
	Constant costs in cents per 100 pounds per interchange			
All cars	.618¢	.399¢	.400¢	.595¢

The out-of-pocket costs shown above should be increased for the ratio of the empty cars to the loaded cars involved in the interchange movement under study when costs are desired on a loaded car basis. For example, when the movement occurs in the Eastern district and involves one interchange of a box car between two railroads with a 38-percent return of empty cars, the total interchange switching costs would be $14.27 per loaded car ($10.34 x 1.38). If the net load per car in the loaded direction was 30 tons, the interchange out-of-pocket costs per 100 pounds would be 2.38 cents ($14.27 ÷ 600 hundredweight) for each interchange. This amount of 2.38 cents per 100 pounds should be added to the adjusted out-of-pocket costs for each complete interchange, i.e., out-of-pocket costs after eliminating interchange switching costs from the line-haul expenses.

16. Treatment of switching costs - origin and destination:

The territorial out-of-pocket costs (adjusted to January 1, 1957) per carload for switching at either the point of origin or the point of destination (but not both) are shown in the following table by type of car. The figures are shown in dollars per loaded car and include the cost of switching the empty car.

Type of car	Out-of-pocket switching cost per carload Group IV expenses (all weights of load) as of January 1, 1957			
	Eastern district	Pocahontas region	Southern region	Western district
(1)	(2)	(3)	(4)	(5)
Box	$15.95	$10.29	$8.82	$12.93
Gondola and hopper	17.72	11.43	9.80	14.37
Flat	17.72	11.43	9.80	14.37
Stock	17.72	11.43	9.80	14.37
Refrigerator	17.72	11.43	9.80	14.37
Tank	17.72	11.43	9.80	14.37

The above costs include locomotive expenses, fuel, crews, and track maintenance related to switching at origin or destination. They reflect the following 1955 territorial average switch-engine-minutes per loaded car (including the switching of the empty) at either the point of origin or the point of destination (but not both). 1/ The average minutes per loaded car are shown in the table below. For adjustments, see Item 22 A(2).

Type of car	Average minutes per loaded car (1955)			
	Eastern district	Pocahontas region	Southern region	Western district
	(2)	(3)	(4)	(5)
Box	27.0	18.0	18.0	24.0
All other	30.0	20.0	20.0	26.0

1/ For procedure in computing figures see Bureau's Statement No. 4-54, pages 121-130. The engine-minutes shown reflect the ratio of empties spotted or pulled to loads spotted or pulled of 0.8 for box cars and 1.0 for all other equipment. The differences in costs between the box cars and all other cars are occasioned by this difference in ratios.

[fol. 4198]

(2) Adjustment for switching costs at origin and destination.

Where the traffic under study is handled at either origin or destination with known engine-minutes per car which are substantially less or greater than the territorial average switching engine-minutes per car shown in Item 16, and adjustment in the territorial out-of-pocket costs shown in Tables 1, 2, 3, and 4 can be made as follows: If it is known that for the Eastern district the engine-minutes per loaded box car at point of origin are 13.5 minutes, i.e., 50 percent of the territorial average of 27.0 minutes, the out-of-pocket switching costs per carload as shown in Item 16 would become $7.98 (50 percent of $15.95 shown in Item 16). (If the load under study is, say, 30 tons, divide the reduction per car by the net hundredweight ($7.98 ÷ 600 = 1.330 cents) to compute the reduction in cost resulting from less engine-minutes. The reduction of 1.330 cents per 100 pounds should then be deducted from the scale of box-car costs shown in Table 1, and from the terminal costs shown in Table 2.) A similar adjustment can be made at destination point based on the engine-minutes per loaded box car at destination point. The out-of-pocket cost per hundredweight computed from Table 3, i.e., the terminal cost per carload, column 6, divided by the load in hundredweight, can be reduced by the same amount used for Tables 1 and 2.

Routes

[fol. 4199]

Route Nos.	Explanation of Routes
1.	C&O.
2.	C&O Kenova, W. Va., N&W.
3.	C&O Cincinnati, O., PRR.
4.	C&O Greggs, O., DT&I.
5.	C&O Richmond, Ind., PRR.
6.	C&O Peru, Ind., Wab.
7.	C&O Kewanna, Ind., PRR.
8.	N&W Kenova, W. Va., C&O.
9.	N&W.
10.	N&W Chillicothe, O., B&O.
11.	N&W Glen Jean, O., DT&I.
12.	N&W Ivorydale, O., C&O.
13.	N&W Valley Crossing, O., C&O.
14.	N&W Ivorydale, O., B&O.
15.	N&W Clare, O., PRR.
16.	N&W Bond Hill, O., B&O.
17.	Vgn Deepwater, W. Va., C&O.
18.	Vgn Deepwater, W. Va., C&O Kenova, W. Va., N&W.
19.	Vgn Deepwater, W. Va., C&O Columbus, O., PRR.
20.	Vgn Deepwater, W. Va., C&O Greggs, O., DT&I.
21.	Vgn Deepwater, W. Va., C&O Cottage Grove, Ind., B&O.
22.	Vgn Deepwater, W. Va., C&O Cincinnati, O., PRR.
23.	Vgn Deepwater, W. Va., C&O Cincinnati, O., B&O.

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Physical Data.

Lines	Between Newport News-Norfolk, Virginia, and	Class Rate Distances	Routes and Distances: Chesapeake and Ohio Railway Routes	Chesapeake and Ohio Railway Distances	Norfolk and Western Railway Routes	Norfolk and Western Railway Distances	Virginian Railway Routes	Virginian Railway Distances	Averages Distances	Division of Distances Between Pocahontas Region and Eastern District: Pocahontas Region	Division of Distances Between Pocahontas Region and Eastern District: Eastern District	Number of Interchanges: Actual Number: Pocahontas Region	Number of Interchanges: Actual Number: Eastern District	Number of Interchanges: Average Number: Pocahontas Region	Number of Interchanges: Average Number: Eastern District
	Columns →	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Charleston, W.Va.	455	1	444	8	584	17	468	499	499	--	2	--	0.67	--
2.	Huntington, W.Va.	511	1	494	8	534	17	519	516	516	--	2	--	0.67	--
3.	Ashland, Ky.	511	1	509	8	534	17	534	526	526	--	2	--	0.67	--
4.	Portsmouth, Ohio.	511	2	539	9	564	18	564	556	556	--	3	--	1.00	--
5.	Columbus, Ohio.	632	1	632	9	663	17	656	650	650	--	1	--	0.33	--
6.	Cincinnati, Ohio.	656	1	655	9	671	17	680	669	669	--	1	--	0.33	--
7.	Dayton, Ohio.	665	3	711	10	692	19	727	710	641	69	2-1/2	1-1/2	0.83	0.50
8.	Lima, Ohio.	719	4	714	11	742	20	738	731	578	153	2-1/2	1-1/2	0.83	0.50
9.	Louisville, Ky.	727	1	717	8	742	17	742	734	734	--	2	--	0.67	--
10.	Muncie, Ind.	743	1	760	12	776	17	784	773	773	--	2	--	0.67	--
11.	Toledo, Ohio.	740	1	762	13	791	17	787	780	780	--	2	--	0.67	--
12.	Indianapolis, Ind.	766	5	789	14	788	21	803	793	706	87	2-1/2	1-1/2	0.83	0.50
13.	Fort Wayne, Ind.	778	6	873	15	825	19	833	844	712	132	2-1/2	1-1/2	0.83	0.50
14.	Detroit, Mich.	796	1	844	13	873	17	869	862	862	--	2	--	0.67	--
15.	Terre Haute, Ind.	838	5	861	15	873	22	861	865	687	178	2-1/2	1-1/2	0.83	0.50
16.	South Bend, Ind.	861	7	895	15	907	19	920	907	721	186	2-1/2	1-1/2	0.83	0.50
17.	Midland, Mich.	875	1	921	13	950	17	946	939	939	--	2	--	0.67	--
18.	Chicago, Ill.	914	1	940	13	956	17	965	954	954	--	2	--	0.67	--
19.	Decatur, Ill.	918	6	990	14	941	23	958	963	723	240	2-1/2	1-1/2	0.83	0.50
20.	Grand Rapids, Mich.	905	1	947	13	976	17	972	965	965	--	2	--	0.67	--
21.	Springfield, Ill.	957	6	1,029	14	983	23	1,000	1,004	723	281	2-1/2	1-1/2	0.83	0.50
22.	St. Louis, Mo.	990	6	1,103	16	1,009	23	1,015	1,042	722	320	2-1/2	1-1/2	0.83	0.50
23.	Milwaukee, Wis.	999	1	1,139	13	1,030	17	1,164	1,111	1,111	--	2	--	0.67	--
24.	Averages	759	-	794	--	800	--	805	800	728	72	2.15	0.59	0.72	0.20
25.	Percentages	--	-	104.61	--	105.40	--	106.06	105.40	--	--	--	--	--	--

Construction of Costs

Lines	Between Newport News-Norfolk, Virginia, and		Physical Data					Out-of-Pocket Costs						Total Out-of-Pocket Costs
			Distances			Interchanges		Line-Haul		Interchanges		Terminal		
			Total	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Terminal	1/	
	Columns →		1	2	3	4	5	6	7	8	9	10	11	12
1.	Charleston,	W.Va.	499	499	--	0.67	--	$0.13633	--	$0.01200	--	$0.08890	$0.00738	$0.24461
2.	Huntington,	W.Va.	516	516	--	0.67	--	.14097	--	.01200	--	.08890	.00738	.24925
3.	Ashland,	Ky.	526	526	--	0.67	--	.14370	--	.01200	--	.08890	.00738	.25198
4.	Portsmouth,	Ohio.	556	556	--	1.00	--	.15190	--	.01791	--	.08890	.00738	.26609
5.	Columbus,	Ohio.	650	650	--	0.33	--	.17758	--	.00591	--	.08890	.00738	.27977
6.	Cincinnati,	Ohio.	669	669	--	0.33	--	.18277	--	.00591	--	.08890	.00738	.28496
7.	Dayton,	Ohio.	710	641	69	0.83	0.50	.17512	$0.02636	.01486	$0.01321	.08890	.00738	.32583
8.	Lima,	Ohio.	731	578	153	0.83	0.50	.15791	.05846	.01486	.01321	.08890	.00738	.34072
9.	Louisville,	Ky.	734	734	--	0.67	--	.20053	--	.01200	--	.08890	.00738	.30881
10.	Muncie,	Ind.	773	773	--	0.67	--	.21118	--	.01200	--	.08890	.00738	.31946
11.	Toledo,	Ohio.	780	780	--	0.67	--	.21310	--	.01200	--	.08890	.00738	.32138
12.	Indianapolis,	Ind.	793	706	87	0.83	0.50	.19288	.03324	.01486	.01321	.08890	.00738	.35047
13.	Fort Wayne,	Ind.	844	712	132	0.83	0.50	.19452	.05044	.01486	.01321	.08890	.00738	.36931
14.	Detroit,	Mich.	862	862	--	0.67	--	.23550	--	.01200	--	.08890	.00738	.34378
15.	Terre Haute,	Ind.	865	687	178	0.83	0.50	.18769	.06801	.01486	.01321	.08890	.00738	.38005
16.	South Bend,	Ind.	907	721	186	0.83	0.50	.19698	.07107	.01486	.01321	.08890	.00738	.39240
17.	Midland,	Mich.	939	939	--	0.67	--	.25653	--	.01200	--	.08890	.00738	.36481
18.	Chicago,	Ill.	954	954	--	0.67	--	.26063	--	.01200	--	.08890	.00738	.36891
19.	Decatur,	Ill.	963	723	240	0.83	0.50	.19752	.09170	.01486	.01321	.08890	.00738	.41357
20.	Grand Rapids,	Mich.	965	965	--	0.67	--	.26364	--	.01200	--	.08890	.00738	.37192
21.	Springfield,	Ill.	1,004	723	281	0.83	0.50	.19752	.10737	.01486	.01321	.08890	.00738	.42924
22.	St. Louis,	Mo.	1,042	722	320	0.83	0.50	.19725	.12227	.01486	.01321	.08890	.00738	.44387
23.	Milwaukee,	Wis.	1,111	1,111	--	0.67	--	.30353	--	.01200	--	.08890	.00738	.41181
24.	Averages		800	728	72	0.72	0.20	$0.19889	$0.02751	$0.01289	$0.00529	$0.08890	$0.00738	$0.34086

1/. - Addition for switching at Hampton Roads Ports (24.985 minutes per car) versus Pocahontas Region (18 minutes per car).

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Physical Data and Routes.

[fol. 4202]

Lines	Between New York, New York, and	Class-Rate Distances	Routes and Distances		Division of Distances Between Eastern District and Pocahontas Region		Interchanges	
			Routes	Distances	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region
	Columns →	1	2	3	4	5	6	7
1.	Detroit, Mich.	631	1	665	665	--	--	--
2.	Toledo, Ohio.	668	1	711	711	--	--	--
3.	Columbus, Ohio.	621	1	743	743	--	--	--
4.	Lima, Ohio.	694	4	768	768	--	--	--
5.	Midland, Mich.	682	1	791	791	--	--	--
6.	Dayton, Ohio.	690	1	794	794	--	--	--
7.	Fort Wayne, Ind.	744	1	816	816	--	--	--
8.	Grand Rapids, Mich.	767	1	832	832	--	--	--
9.	Muncie, Ind.	756	1	834	834	--	--	--
10.	Portsmouth, Ohio.	659	5	842	743	99	1/2	1/2
11.	Cincinnati, Ohio.	724	1	849	849	--	--	--
12.	South Bend, Ind.	813	1	865	865	--	--	--
13.	Ashland, Ky.	659	3	866	743	123	1/2	1/2
14.	Huntington, W.Va.	659	3	881	743	138	1/2	1/2
15.	Milwaukee, Wis.	881	6	887	887	--	1	--
16.	Indianapolis, Ind.	799	1	889	889	--	--	--
17.	Charleston, W.Va.	613	1	934	934	--	--	--
18.	Chicago, Ill.	890	1	945	945	--	--	--
19.	Terre Haute, Ind.	871	1	960	960	--	--	--
20.	Louisville, Ky.	834	1	991	991	--	--	--
21.	Decatur, Ill.	952	2	1,003	1,003	--	1	--
22.	Springfield, Ill.	991	2	1,041	1,041	--	1	--
23.	St. Louis, Mo.	1,040	1	1,139	1,139	--	--	--
24.	Averages	767	-	872	856	16	--	--
25.	Percentage	--	-	113.69	--	--	--	--

Routes	
No.	Explanation
1.	NYC.
2.	DL&W Black Rock, N.Y., Wab.
3.	NYC Columbus, Ohio, C&O.
4.	Erie.
5.	NYC Columbus, Ohio, N&W.
6.	DL&W Black Rock, N.Y., GT-E, CN-E, GTW.

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Construction of Costs

Lines	Between New York, New York, and		Physical Data					Out-of-Pocket Costs					Total Out-of-Pocket Costs
			Distances			Interchanges		Line-Haul		Interchanges		Terminal	
			Total	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region		
	Columns →		1	2	3	4	5	6	7	8	9	10	11
1.	Detroit,	Mich.	665	665	--	--	--	$0.25410	--	--	--	$0.11315	$0.36725
2.	Toledo,	Ohio.	711	711	--	--	--	.27167	--	--	--	.11315	.38482
3.	Columbus,	Ohio.	743	743	--	--	--	.28390	--	--	--	.11315	.39705
4.	Lima,	Ohio.	768	768	--	--	--	.29345	--	--	--	.11315	.40660
5.	Midland,	Mich.	791	791	--	--	--	.30224	--	--	--	.11315	.41539
6.	Dayton,	Ohio.	794	794	--	--	--	.30339	--	--	--	.11315	.41654
7.	Fort Wayne,	Ind.	816	816	--	--	--	.31179	--	--	--	.11315	.42494
8.	Grand Rapids,	Mich.	832	832	--	--	--	.31791	--	--	--	.11315	.43106
9.	Muncie,	Ind.	834	834	--	--	--	.31867	--	--	--	.11315	.43182
10.	Portsmouth,	Ohio.	842	743	99	1/2	1/2	.28390	$0.02705	$0.01321	$0.00896	.11315	.44627
11.	Cincinnati,	Ohio.	849	849	--	--	--	.32440	--	--	--	.11315	.43755
12.	South Bend,	Ind.	865	865	--	--	--	.33052	--	--	--	.11315	.44367
13.	Ashland,	Ky.	866	743	123	1/2	1/2	.28390	.03360	.01321	.00896	.11315	.45282
14.	Huntington,	W.Va.	881	743	138	1/2	1/2	.28390	.03770	.01321	.00896	.11315	.45692
15.	Milwaukee,	Wis.	887	887	--	1	--	.33892	--	.02643	--	.11315	.47850
16.	Indianapolis,	Ind.	889	889	--	--	--	.33969	--	--	--	.11315	.45284
17.	Charleston,	W.Va.	934	934	--	--	--	.35688	--	--	--	.11315	.47003
18.	Chicago,	Ill.	945	945	--	--	--	.36108	--	--	--	.11315	.47423
19.	Terre Haute,	Ind.	960	960	--	--	--	.36682	--	--	--	.11315	.47997
20.	Louisville,	Ky.	991	991	--	--	--	.37866	--	--	--	.11315	.49181
21.	Decatur,	Ill.	1,003	1,003	--	1	--	.38325	--	.02643	--	.11315	.52283
22.	Springfield,	Ill.	1,041	1,041	--	1	--	.39777	--	.02643	--	.11315	.53735
23.	St. Louis,	Mo.	1,139	1,139	--	--	--	.43521	--	--	--	.11315	.54836
24.	Averages		872	856	16	0.20	0.065	$0.32708	$0.00437	$0.00529	$0.00116	$0.11315	$0.45105

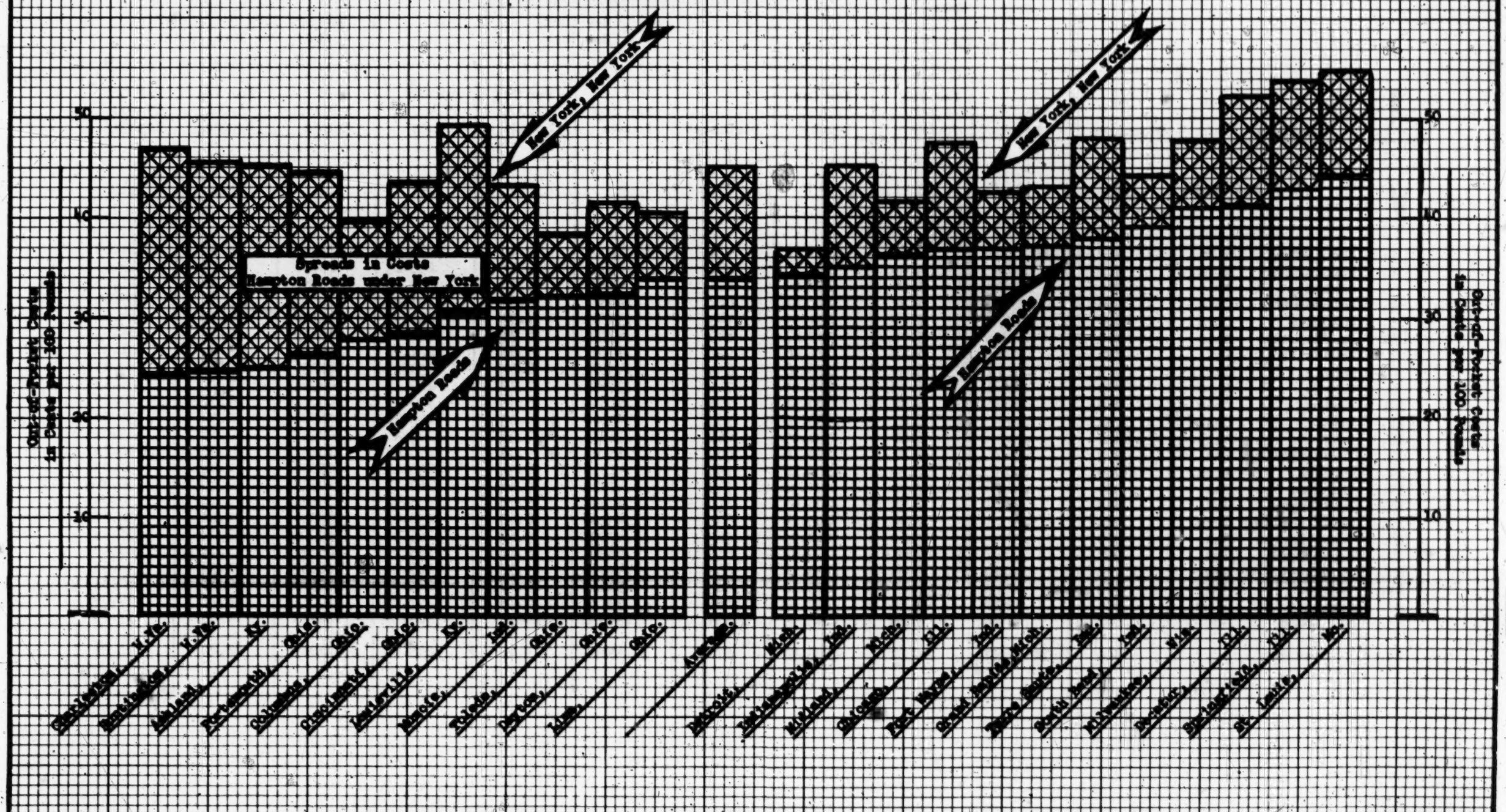
1203

Out-of-Pocket Costs
Newport News-Norfolk, Virginia, versus New York, New York

Lines	Between and	Newport News Norfolk, Virginia.				New York, New York.				Differences Newport News Norfolk, Va., Under New York, N. Y.		
		Distances	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Distances	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds
↓	→	1	2	3	4	5	6	7	8	9	10	11
1.	Charleston, W.Va.	499	$0.24461	$4.89	$135.51	934	$0.47003	$9.40	$260.40	$0.22542	$4.51	$124.89
2.	Huntington, W.Va.	516	.24925	4.99	138.08	881	.45692	9.14	253.13	.20767	4.15	115.05
3.	Ashland, Ky.	526	.25198	5.04	139.60	866	.45282	9.06	250.86	.20084	4.02	111.26
4.	Portsmouth, Ohio	556	.26609	5.32	147.41	842	.44627	8.93	247.23	.18018	3.61	99.82
5.	Columbus Ohio	650	.27977	5.60	154.99	743	.39705	7.94	219.97	.11728	2.34	64.98
6.	Cincinnati, Ohio	669	.28496	5.70	157.87	849	.43755	8.75	242.40	.15259	3.05	84.53
7.	Louisville, Ky.	734	.30881	6.18	171.08	991	.49181	9.84	272.46	.18300	3.66	101.38
8.	Muncie, Ind.	773	.31946	6.39	176.98	834	.43182	8.64	239.23	.11236	2.25	62.25
9.	Toledo, Ohio.	780	.32138	6.43	178.04	711	.38482	7.70	213.19	.06344	1.27	35.15
10.	Dayton, Ohio.	710	.32583	6.52	180.51	794	.41654	8.33	230.76	.09071	1.81	50.25
11.	Lima, Ohio.	731	.34072	6.81	188.76	768	.40660	8.13	225.26	.06588	1.32	36.50
12.	Detroit, Mich.	862	.34378	6.88	190.45	665	.36725	7.35	203.46	.02347	0.47	13.01
13.	Indianapolis, Ind.	793	.35047	7.01	194.16	889	.45284	9.06	250.87	.10237	2.05	56.71
14.	Midland, Mich.	939	.36481	7.30	202.10	791	.41539	8.31	230.13	.05058	1.01	28.03
15.	Chicago, Ill.	954	.36891	7.38	204.38	945	.47423	9.48	262.72	.10532	2.10	58.34
16.	Fort Wayne, Ind.	844	.36931	7.39	204.60	816	.42494	8.50	235.42	.05563	1.11	30.82
17.	Grand Rapids, Mich.	965	.37192	7.44	206.04	832	.43106	8.62	238.81	.05914	1.18	32.77
18.	Terre Haute, Ind.	865	.38005	7.60	210.55	960	.47997	9.60	265.90	.09992	2.00	55.35
19.	South Bend, Ind.	907	.39240	7.85	217.39	865	.44367	8.87	245.79	.05127	1.02	28.40
20.	Milwaukee, Wis.	1,111	.41181	8.24	228.14	887	.47850	9.57	265.09	.06669	1.33	36.95
21.	Decatur, Ill.	963	.41357	8.27	229.12	1,003	.52283	10.46	289.65	.10926	2.19	60.53
22.	Springfield, Ill.	1,004	.42924	8.58	237.80	1,041	.53735	10.75	297.69	.10811	2.17	59.89
23.	St. Louis, Mo.	1,042	.44387	8.88	245.90	1,139	.54836	10.97	303.79	.10449	2.09	57.89
24.	Averages	800	$0.34086	$6.82	$188.84	872	$0.45105	$ 9.02	$249.88	$0.11019	$2.20	$ 61.04

4204

Chart showing how Out-of-Pocket Costs, in cents per 100 pounds, for Newport News-Norfolk, Virginia (Hampton Roads Ports), on the one hand, compare with those for New York, New York, on the other hand, for each of 23 Interior Points.



Distances and Construction of Costs

Lines	All Differential Territory	Distances: Class Rate Distances	Distances: Plus Excess [1]	Distances: Division Between [3] Pocahontas Region	Distances: Division Between [3] Eastern District	Out-of-Pocket Costs: Line-Haul Pocahontas Region	Out-of-Pocket Costs: Line-Haul Eastern District	Out-of-Pocket Costs: Terminal [2]	Total Out-of-Pocket Costs
	Columns →	1	2	3	4	5	6	7	8
		Newport News-Norfolk, Virginia.							
1.	Illinois.	971	1,023	669	354	$0.20371	$0.15926	$0.09628	$0.45925
2.	Indiana.	795	838	669	169	.20371	.07603	.09628	.37602
3.	Iowa.	1,063	1,120	954	166	.29049	.07468	.09628	.46145
4.	Kentucky.	617	650	650	--	.19793	--	.09628	.29421
5.	Michigan.	911	960	960	--	.29232	--	.09628	.38860
6.	Missouri.	1,036	1,092	669	423	.20371	.19030	.09628	.49029
7.	Ohio.	654	689	650	39	.19793	.01755	.09628	.31176
8.	West Virginia.	483	509	499	10	.15195	.00450	.09628	.25273
9.	Wisconsin.	1,048	1,105	940	165	.28623	.07423	.09628	.45674
10.	Average.	842	887	740	147	$0.22533	$0.06614	$0.09628	$0.38775
		New York, New York.							
11.	Illinois.	1,003	1,140	--	1,140	--	$0.51289	$0.11315	$0.62604
12.	Indiana.	833	947	--	947	--	.42606	.11315	.53921
13.	Iowa.	1,064	1,210	--	1,210	--	.54438	.11315	.65753
14.	Kentucky.	786	894	--	894	--	.40221	.11315	.51536
15.	Michigan.	745	847	--	847	--	.38107	.11315	.49422
16.	Missouri.	1,073	1,220	--	1,220	--	.54888	.11315	.66203
17.	Ohio.	658	748	--	748	--	.33653	.11315	.44968
18.	West Virginia	636	723	--	723	--	.32528	.11315	.43843
19.	Wisconsin.	924	1,050	--	1,050	--	.47240	.11315	.58555
20.	Average.	858	975	--	975	--	$0.43865	$0.11315	$0.55180

1/. - 5.40 percent for Newport News-Norfolk and 13.69 percent for New York over Column 1.
2/. - Plus $0.00738 for Newport News-Norfolk for addition for switching at Hampton Roads Ports.
3/. - For Kentucky and Michigan, total distances assumed to be Pocahontas Region. For Illinois, Indiana, and Missouri, distances assumed to be Pocahontas Region up to Cincinnati, Ohio; for West Virginia up to Charleston, West Virginia; for Ohio up to Columbus, Ohio; and for Iowa and Wisconsin up to Chicago, Illinois.

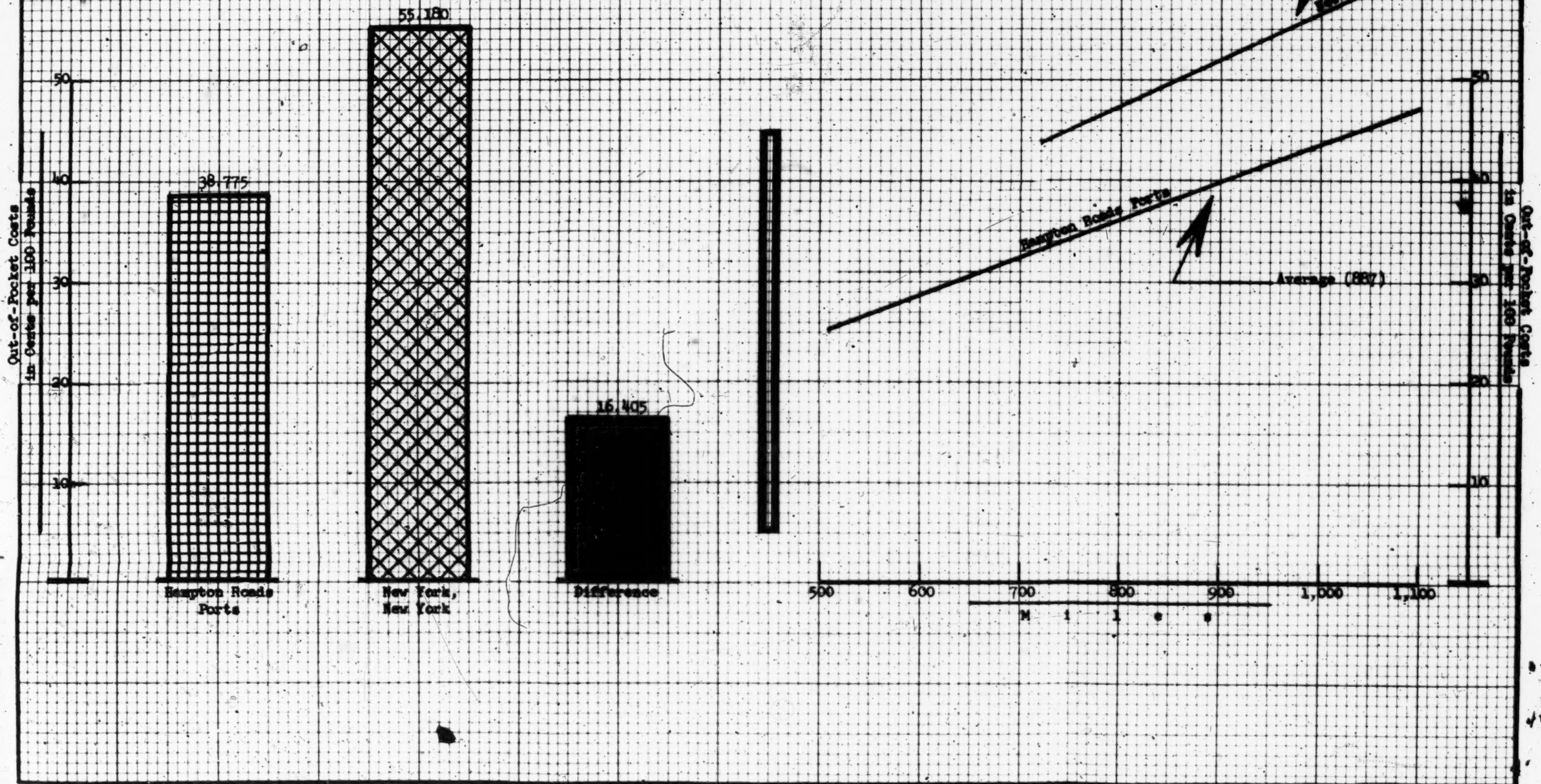
4 v 6

Out-of-Pocket Costs
Between Newport News, Virginia, versus New York, New York, and
Differential Territory

Lines	All Differential Territory	Newport News-Norfolk, Virginia				New York, New York.				Differences Newport News-Norfolk, Va., Under New York, N. Y.		
		Distance	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Distance	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds
	Columns →	1	2	3	4	5	6	7	8	9	10	11
1.	West Virginia	509	$0.25273	$5.05	$140.01	723	$0.43843	$ 8.77	$242.89	$0.18570	$3.72	$102.88
2.	Kentucky	650	.29421	5.88	162.99	894	.51536	10.31	285.51	.22115	4.43	122.52
3.	Ohio	689	.31176	6.24	172.72	748	.44968	8.99	249.12	.13792	2.75	76.40
4.	Indiana	838	.37602	7.52	208.32	947	.53921	10.78	298.72	.16319	3.26	90.40
5.	Michigan	960	.38860	7.77	215.28	847	.49422	9.88	273.80	.10562	2.11	58.52
6.	Wisconsin	1,105	.45674	9.13	253.03	1,050	.58555	11.71	324.39	.12881	2.58	71.36
7.	Illinois	1,023	.45925	9.19	254.42	1,140	.62604	12.52	346.83	.16679	3.33	92.41
8.	Iowa	1,120	.46145	9.23	255.64	1,210	.65753	13.15	364.27	.19608	3.92	108.63
9.	Missouri	1,092	.49029	9.81	271.62	1,220	.66203	13.24	366.76	.17174	3.43	95.14
10.	Averages	887	$0.38775	$7.76	$214.81	975	$0.55180	$11.04	$305.70	$0.16405	$3.28	$90.89

4x07

Chart showing how Out-of-Pocket Costs, in cents per 100 pounds, for Newport News-Norfolk, Virginia (Hampton Roads Ports), on the one hand, compare with those for New York, New York, on the other hand, first as an average of 9 Interior States, and second based approximately on mileages.



4208

Out-of-Pocket Costs
Between Newport News-Norfolk, Virginia, versus New York, New York
and All Differential Territory 1/

	All Differential Territory	Newport News-Norfolk Virginia				New York, New York				Differences Newport News-Norfolk, Virginia, under New York, New York		
			Out-of-Pocket Costs				Out-of-Pocket Costs					
		Distances 1/	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Distances 1/	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds
↓	Columns →	1	2	3	4	5	6	7	8	9	10	11
1.	West Virginia	546	$0.27387	$5.48	$151.72	719	$0.43663	$ 8.73	$241.89	$0.16276	$3.25	$90.17
2.	Kentucky	697	.31536	6.31	174.71	888	.51266	10.25	284.01	.19730	3.94	109.30
3.	Ohio	739	.33425	6.69	185.17	744	.44788	8.96	248.13	.11363	2.27	62.96
4.	Indiana	898	.40302	8.06	223.27	941	.53651	10.73	297.23	.13349	2.67	73.96
5.	Michigan	1,029	.41964	8.39	232.48	842	.49197	9.84	272.55	.07233	1.45	40.07
6.	Wisconsin	1,184	.49229	9.85	272.73	1,044	.58285	11.66	322.90	.09056	1.81	50.17
7.	Illinois	1,097	.49255	9.85	272.87	1,133	.62289	12.46	345.08	.13034	2.61	72.21
8.	Iowa	1,201	.49790	9.96	275.84	1,202	.65393	13.08	362.28	.15603	3.12	86.44
9.	Missouri	1,171	.52584	10.52	291.32	1,212	.65843	13.17	364.77	.13259	2.65	73.45
	Averages	951	$0.41654	$ 8.33	$230.76	970	$0.54955	$10.99	$304.45	$0.13301	$2.66	$73.69

1/. - Based, in each case, on class-rate miles plus 13 percent

4x09

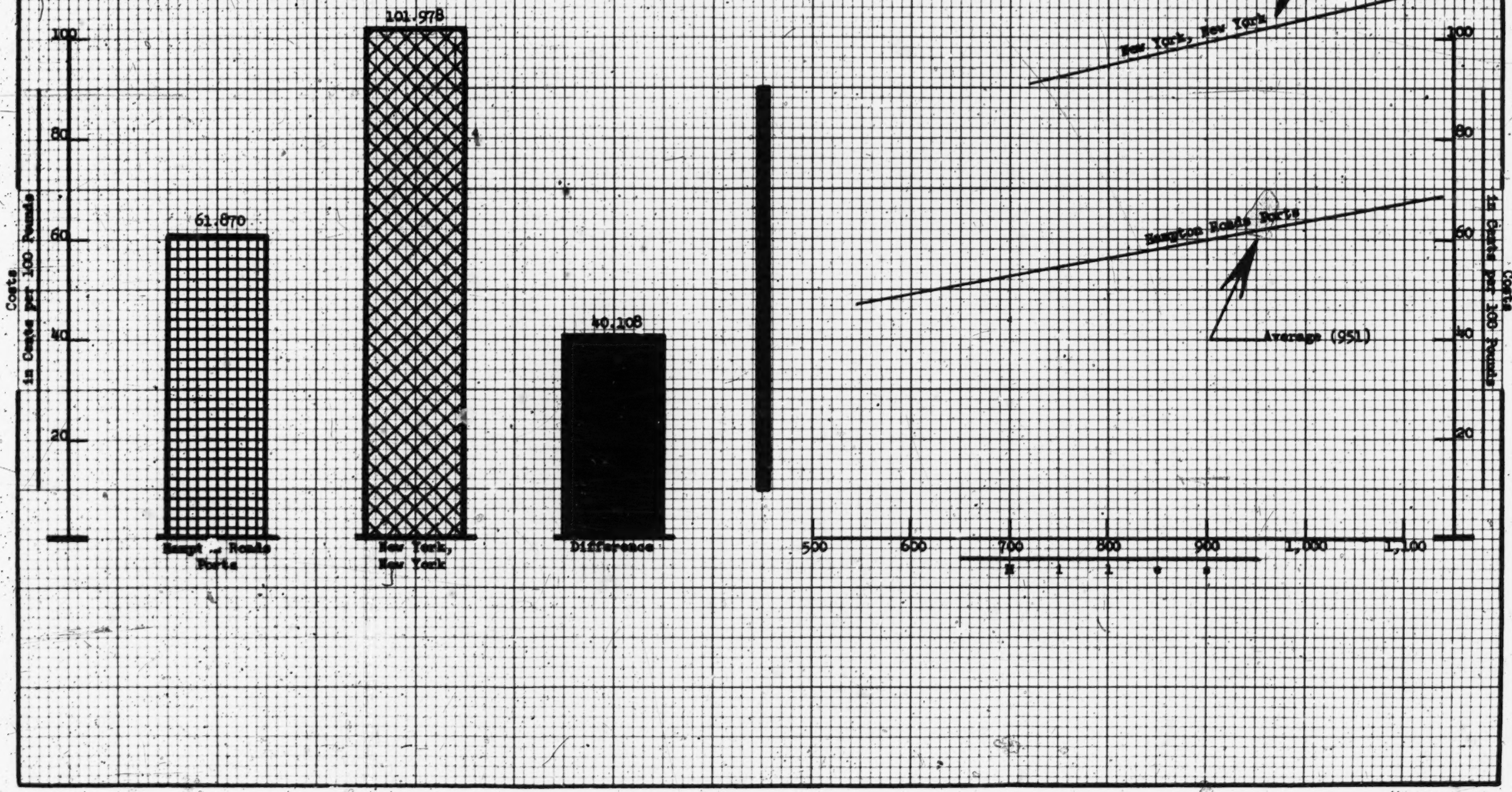
Line-Haul Out-of-Pocket Costs Between Newport News-Norfolk, Virginia, versus New York, New York and All Differential Territory, Plus Full Port Terminal and Pier Costs

Lines	All Differential Territory	Newport News-Norfolk Virginia				New York, New York				Differences Newport News-Norfolk, Virginia, under New York, New York		
			Out-of-Pocket Costs				Out-of-Pocket Costs					
		Distances 1/	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Distances 1/	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds
↓	Columns →	1	2	3	4	5	6	7	8	9	10	11
1.	West Virginia.	546	$0.47619	$ 9.52	$263.81	719	$0.90866	$18.17	$503.40	$0.43247	$8.65	$239.59
2.	Kentucky.	697	.51769	10.35	286.80	888	.98469	19.69	545.52	.46700	9.34	258.72
3.	Ohio.	739	.53670	10.73	297.33	744	.91991	18.40	509.63	.38321	7.67	212.30
4.	Indiana.	898	.60520	12.10	335.28	941	1.00854	20.17	558.73	.40334	8.07	223.45
5.	Michigan.	1,029	.62170	12.43	344.42	842	.96400	19.28	534.06	.34230	6.85	189.64
6.	Wisconsin.	1,184	.69470	13.89	384.86	1,044	1.05488	21.10	584.40	.36018	7.21	199.54
7.	Illinois.	1,097	.69470	13.89	384.86	1,133	1.09492	21.90	606.59	.40022	8.01	221.73
8.	Iowa.	1,201	.70020	14.00	387.91	1,202	1.12596	22.52	623.78	.42576	8.52	235.87
9.	Missouri.	1,171	.72820	14.56	403.42	1,212	1.13046	22.61	626.27	.40226	8.05	222.85
10.	Averages.	951	$0.61870	$12.37	$342.76	970	$1.01978	$20.40	$564.96	$0.40108	$8.03	$222.20

1/. - Based, in each case, on class-rate miles plus 13 percent.

4710

Chart showing how Line-Haul Out-of-Pocket Costs, plus Full Port Terminal and Pier Costs, in cents per 100 pounds, for Newport News-Norfolk, Virginia (Hampton Roads Ports), on the one hand, compare with those for New York, New York, on the other hand, first as an average of 9 Interior States, and second based approximately on mileages.



4v11

Protestants' Exhibit No. W-2
Witness: W. M. Warren REVISED

BEFORE

THE

INTERSTATE COMMERCE COMMISSION

I. AND S. DOCKET NO. 6615,

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

PORT COSTS

Lines	Account Nos.	Accounts	Explanatory Notes	Pier 2--Ores				Piers 4, 5, 6, and 8									
								Wharfage and Handling				Barging					
				Payroll	Material and Supplies	Other	Total	Payroll	Material and Supplies	Other	Total	Payroll	Material and Supplies	Other	Total	Total	Grand Total
		Columns →	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Maintenance of Way and Structures:															
1.	201.	Superintendence	1.	$ 4,452	$ 776	--	$ 5,228	$ 13,354	$ 2,328	--	$ 15,682						
2.	227.	Station and office buildings	2.	10,969	6,302	--	17,271	33,986	19,527	--	53,513						
3.	241.	Wharves and docks	Actual	9,144	7,934	-	17,078	18,964	30,562	--	49,526						
4.	257.	Power-transmission systems	1.	111	157	--	268	333	471	--	804						
5.	266.	Road property--Depreciation:															
6.	--	Station and office buildings	Actual	--	--	$ 5,403	5,403	--	--	$ 16,714	16,714						
7.	--	Wharves and docks	Actual	--	--	1,409	1,409	--	--	65,032	65,032						
8.	--	Power-transmission systems	13.	--	--	15	15	--	--	56	56						
9.	274.	Injuries to persons	1.	29	352	--	381	87	1,057	--	1,144						
10.	275.	Insurance	Actual	--	--	5,574	5,574	--	--	24,378	24,378						
11.	276.	Stationery and printing	1.	--	93	--	93	--	278	--	278						
12.	--	Total	--	$ 24,705	$15,614	$12,401	$ 52,720	$ 66,724	$ 54,223	$106,180	$ 227,127					$ 227,127	$ 279,847
		Maintenance of Equipment															
13.	301.	Superintendence	12.									$ 2,101	$ 392	--	$ 2,493		
14.	323.	Floating equipment--Repairs	Actual									11,740	26,615	--	38,355		
15.	331.	Equipment--Depreciation:															
16.	--	Floating equipment	Actual									--	--	$ 3,893	3,893		
17.	332.	Injuries to persons	12.									26	484	--	510		
18.	333.	Insurance	Actual									--	--	3,525	3,525		
19.	334.	Stationery and printing	12.									--	81	--	81		
20.	335.	Other expenses	12.									289	612	--	901		
21.	--	Total	--									$14,156	$28,184	$ 7,418	$ 49,758	$ 49,758	$ 49,758
22.	351-359.	Traffic	3.	$ 4,810	$ 3,838	--	$ 8,648	$ 29,856	$ 23,823	--	$ 53,679	$ 1,288	$ 1,028	--	$ 2,316	$ 55,995	$ 64,643

[fol. 4214]

Lines	Account Nos.	Accounts	Explanatory Notes	Pier 2--Ores				Piers 4, 5, 6, and 8								Total	Grand Total
								Wharfage and Handling				Barging					
				Payroll	Material and Supplies	Other	Total	Payroll	Material and Supplies	Other	Total	Payroll	Material and Supplies	Other	Total		
		Columns →	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
23.	371.	Transportation: Superintendence	4.	$ 4,998	$ 952	--	$ 5,950	$ 33,891	$ 6,456	--	$ 40,347	$ 95	$ 18	--	$ 113		
24.	373.	Station employees	Actual	103,161	--	--	103,161	778,645	--	--	778,645	--	--	--	--		
25.	376.	Station supplies and expenses	8.	--	14,657	--	14,657	--	25,029	--	25,029	--	--	--	--		
26.	408.	Operating floating equipment	Actual	--	--	--	--	--	--	--	--	1,679	461	--	2,140		
27.	410.	Stationery and printing	4.	--	766	--	766	--	5,193	--	5,193	--	15	--	15		
28.	411.	Other expenses	4.	163	944	--	1,107	1,112	6,398	--	7,510	3	18	--	21		
29.	414.	Insurance	Actual	--	--	$ 1,000	1,000	--	--	$ 28,400	28,400	--	--	$ 1,151	1,151		
30.	416.	Damage to property	4.	5	101	--	106	35	684	--	719	--	2	--	2		
31.	420.	Injuries to persons	4.	82	1,744	--	1,826	558	11,825	--	12,383	2	32	--	34		
32.	--	Total	--	$108,409	$19,164	$ 1,000	$128,573	$814,241	$ 55,585	$ 28,400	$ 898,226	$ 1,779	$ 546	$ 1,151	$ 3,476	$ 901,702	$1,030,275
33.	451-462.	General	5.	$ 10,382	$ 5,573	--	$ 15,955	$ 64,445	$ 34,594	--	$ 99,039	$ 2,780	$ 1,492	--	$ 4,272	$ 103,311	$ 119,266
34.	--	Grand Total	--	$148,306	$44,189	$13,401	$205,896	$975,266	$168,225	$134,580	$1,278,071	$20,003	$31,250	$ 8,569	$ 59,822	$1,337,893	$1,543,789
		Taxes:															
35.	--	Payroll, et cetera	6.			$23,729	$ 23,729			$156,043	$ 156,043			$ 3,200	$ 3,200	--	--
36.	--	Property	Actual			3,309	3,309			20,621	20,621			361	361	--	--
37.	--	Total	--			$27,038	$ 27,038			$176,664	$ 176,664			$ 3,561	$ 3,561	$ 180,225	$ 207,263
38.	--	Return on Investment (6 percent)	7.			$15,561	$ 15,561			$ 96,396	$ 96,396			$ 1,371	$ 1,371	$ 97,767	$ 113,328
39.	--	Proration of Tugboat Time	9.			--	--			--	--			6.92	6.92	--	--
40.	--	Proration of Tugboat Expenses	9.			--	--			--	--			$118,494	$118,494	$ 118,494	$ 118,494
41.	--	Total Costs	--				$248,495				$1,551,131				$183,248	$1,734,379	$1,982,874
42.	--	Less Extraneous Revenues	10.				8,346				183,745				--	188,745	197,091
43.	--	Net Costs	--				$240,149				$1,362,386				$183,248	$1,545,634	$1,785,783
44.	--	Percent Differential Territory Tonnage	11.				10.62									25.39	--
45.	--	Differential Territory Costs	--				$ 25,504									$ 392,436	$ 417,940
46.	--	Average per Ton															$1.76

4214

Explanatory Notes:

1.- Ratios of these Accounts to Accounts Nos. 202 - 271, excluding Accounts Nos. 247, 257, and 266, for System, for 1956.

2.- Labor actual, $44,955, for freight Newport News, Virginia, 1956. Materials and supplies estimated based on percent of total for Eastern Region and Central Region for 1956, i.e, 36.49. Divided between (1) Pier 2 and (2) Piers 4, 5, 6, and 8 on basis of percents reflected by total investment.

3.- Ratio of Traffic to Maintenence of Way and Structures, Maintenance of Equipment (where applicable), and Transportation, for System, for 1956.

4.- Ratio of these Accounts to Accounts No. 372 - 408, excluding Account No. 407, for System, for 1956.

5.- Ratios of General to Maintenance of Ways and Structures, Maintenance of Equipment (where applicable), Traffic, and Transportation, for System, for 1956

6.- 6 percent of net investment as of December 31, 1956, of following investment Accounts:

Pier 2--Ores:

Tracks	$ 15,447
Station and office buildings	145,167
Wharves and docks	98,305
Power-transmission systems	432
Total	$ 259,351

Pier 4, 5, 6, and 8:	
Land	$ 36,498
Tracks	55,128
Station and office buildings	346,059
Fork lift trucks	27,109
Wharves and docks	1,140,161
Power-transmission systems	1,648
Total	$1,606,603
Barges:	
Floating equipment (Barges)	$ 22,856

8.- Estimated. Based on canvass of situation at Newport
ws, including electricity purchased, telephone and water bills,
d supplies for cranes on Pier 2 and trucks and trailers on
er 4, 5, 6, and 8, plus 10 percent for miscellaneous supplies.

9.- Based on detailed Tugboat Time Study conducted in Janua-
, 1956, with proration of all non-productive time to producti-
services. Expenses based on careful study for 1956 of all Ma-
ne Services at Newport News, Virginia.

10.- Less extraneous revenues, such as, for Pier 2, furnishing
ssels water, running lines, disposal of ballast, et cetera;
d, for Piers 4, 5, 6, and 8, storage, terminal charge for
ucks, furnishing water, running lines, miscellaneous labor, et
tera.

11.- From C&O movement records for 1956. Data include Western
unk Line territory.

12.- Ratios of these Accounts to Accounts Nos. 302 - 329, for
stem, for 1956.

13.- Estimated, based on depreciation rate of 3.42 percent
r System, for 1956.

4215

[fol. 4216]

I.C.C. EXHIBIT No. 94

THE COMMONWEALTH OF MASSACHUSETTS

Executive Department

Boston, March 6, 1958.

I, Robert F. Murphy, Lieutenant Governor, Acting Governor of the Commonwealth, do hereby certify that John W. Newman whose genuine signature appears to the annexed certificate of authentication, is now, and was at the date of said certificate, Deputy Secretary of the Commonwealth, duly appointed and qualified; that as such he is a lawful custodian of the Great Seal of the Commonwealth; that all his official acts as such are entitled to full faith and credit; that his said certificate is in due form of law; and that the Great Seal thereto attached is the genuine Great Seal of the Commonwealth.

Given under my hand at Boston
this sixth day
of March, in the year 1958.

/s/ ROBERT F. MURPHY
Lieutenant Governor, Acting Governor

THE COMMONWEALTH OF MASSACHUSETTS

Office of the Secretary

Boston, March 6, 1958.

I, John W. Newman, Deputy Secretary of the Commonwealth, do hereby certify that Robert F. Murphy, whose genuine signature appears to the foregoing certificate of attestation, is now, and was at the date of said certificate, the Lieutenant Governor, Acting Governor of the Common-

wealth, duly elected by lawful authority and legally qualified thereto.

IN TESTIMONY of which I have hereunto affixed the Great Seal of the Commonwealth, in my official custody and possession.

SEAL

/s/ JOHN W. NEWMAN
Deputy Secretary of the Commonwealth

[fol. 4217]

THE COMMONWEALTH OF MASSACHUSETTS

Office of the Secretary

State House, Boston 33

March 6, 1958

I hereby certify the attached to be a true photostatic copy of Sections 1 and 2 of Chapter 608 of the Acts of 1953 which was approved by the Governor of the Commonwealth on July 1, 1953.

I further certify that General Laws of the Commonwealth, Chapter 6, Section 53A, as inserted by Section 2 of the aforesaid Chapter 608 was in effect on the date of certification; and that the same is on file in the Archives Division of this office.

Witness the Great Seal of the Commonwealth

/s/ EDWARD J. CRONIN

Edward J. Cronin
Secretary of the Commonwealth

By /s/ JOHN W. NEWMAN
Deputy Secretary

[fol. 4218]

Chapter 608

THE COMMONWEALTH OF MASSACHUSETTS

In the Year One Thousand Nine Hundred and Fifty-three AN ACT abolishing the Port of Boston Authority and establishing The Port of Boston Commission.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows: SECTION 1. Chapter 6 of the General Laws is hereby amended by striking out section 17, as most recently amended by section 4 of chapter 409 of the acts of 1953, and inserting in place thereof the following section:—*Section 17.* The armory commission, the art commission, the commission on administration and finance, the commissioner of veterans' services, the commissioners on uniform state laws, the public bequest commission, the state ballot law commission, the board of trustees of the Soldiers' Home in Massachusetts, the board of trustees of the Soldiers' Home in Holyoke the milk regulation board, the alcoholic beverages control commission, the state housing board, the trustees of the state library, the state racing commission, the Greylock reservation commission, the Port of Boston Commission, the Massachusetts public building commission, the Massachusetts commission against discrimination, the outdoor advertising authority, the commission on alcoholism, the state airport management board, weather amendment board and the Massachusetts aeronautics commission shall serve under the governor and council, and shall be subject to such supervision as the governor and council deem necessary and proper. SECTION 2. Said chapter 6 is hereby further amended by striking out section 53 and the caption preceding said section, inserted by section 2 of chapter 619 of the acts of 1945, and inserting in place thereof the two following sections:—PORT OF BOSTON COMMISSION. *Section 53.* There shall be a commission, to be known as the Port of Boston Commission, consisting of five members, to be appointed by the governor, with the advice and consent [fol. 4219] of the council. Upon the expiration of the term of office of a member his successor shall be appointed by

the governor, to serve for five years and until the qualification of his successor. The governor shall designate one of the members as chairman. Each member may be removed by the governor, with like advice and consent. The members shall serve without compensation, but shall be reimbursed for their necessary expenses incurred in connection with travel in the discharge of their official duties. Any vacancy in said commission occurring by reason of the expiration of the term of office, by death, resignation or otherwise, shall be filled by appointment by the governor in the following manner:—At least thirty days before the expiration of the term of a member, and within ten days after any other vacancy occurs, the chairman or other presiding member of the commission shall address a communication by registered mail to each of the organizations represented on the advisory council to the Port of Boston Commission established under section fifty-three A, calling upon each such organization to submit within fifteen days the names of not more than three persons to fill such vacancy. As soon as the names of the nominees are received, or in any event within ten days after time for the submission of the names of such nominees has expired, the commission or remaining members thereof shall certify to the governor the names so submitted and from the said names the governor may select a candidate to fill such vacancy. *Section 53A.* There shall be a council, to be known as the advisory council to the Port of Boston Commission, consisting of the mayor of the city of Boston and twenty other members, each of whom shall represent one of the following organizations:—Associated Industries of Massachusetts, Boston Clearing House, The Boston Grain and Flour Exchange, Inc., The Boston Shipping Association, Inc., Boston Wool Trade Association, Foreign Commerce Club of Boston Inc., Greater Boston Chamber of Commerce, Maritime Association, Massa- [fol. 4220] chusetts Federation of Labor, Massachusetts Fisheries Association, Inc., Massachusetts Motor Truck Association, Inc., Massachusetts State C. I. O. Council, Massachusetts Warehousemen's Association, New England Council, New En and Export Club, Inc., New England Shippers Advisory Board, New England Shoe and Leather

Association, New England Territory Railroads, New England Wholesale Lumber Association, Inc. and The Propeller Club of the United States, Port of Boston, Incorporated. Appointment to the advisory council of a member of each organization so represented shall be made by the appropriate governing body of said organization, and notice of such appointment shall be given to the chairman of the Port of Boston Commission. Each member of the advisory council shall be a resident of the commonwealth. Initially, and within ten days of the confirmation of the members of the commission, the chairman of the commission shall call upon the above listed organizations to appoint members to the advisory council. Members of the first five organizations so listed shall be appointed for a term of one year, members of the next five for a term of two years, members of the next five for a term of three years, and members of the last five so listed for a term of four years respectively, so that the terms of five members will expire each year, and notice of such appointments in each instance shall be given to the chairman of the Port of Boston Commission. All subsequent appointments shall be for a term of four years. Vacancies among the appointive members shall be filled in the same manner in which original appointments are made. Failure to attend three successive meetings except for a cause recognized by the advisory council shall disqualify a member from further service and his position shall thereby be vacated. The council shall elect from its members a chairman, vice chairman and secretary, and a majority of the council shall constitute a quorum. The council shall make such rules and regulations for its own proceedings as it shall deem necessary. It shall hold regular quarterly [fol. 4221] meetings and may hold special meetings at the call of the chairman, or at the request of any five members of the council, at such times and places as the chairman may determine. It shall review the activities of the Port of Boston Commission and shall interest itself in ways and means of advancing the interest of the port of Boston. It shall be empowered to require the appearance at its meetings of the director of the port or other commission officials and shall have access to the records of the commission, and it shall meet at least quarterly with the Port of Boston

Commission for thorough review and discussion of port matters. It shall, not later than December first in each year, make a report to the governor and general court of its activities and accomplishments. The report may include specific recommendations for legislation, planned and drafted, as a part of a consistent program to serve the best interests of the port of Boston; and recommendations for the repeal of any conflicting, obsolete or otherwise undesirable legislation affecting the port.

[fol. 4222]

I.C.C. Exhibit No. 95

REPORT OF THE ADVISORY COUNCIL TO THE PORT OF BOSTON COMMISSION

submitted to

GOVERNOR FOSTER FURCOLO

December 2, 1957

Advisory Council to the
Port of Boston Commission
1 Federal Street, Boston, Mass.

Ralph M. Binney, Chairman
Tel. Liberty 2-4900

[fol. 4223]

December 2, 1957

His Excellency, Foster Furcolo
Governor of the Commonwealth
State House
Boston, Massachusetts

Your Excellency:

In compliance with the provisions of Chapter 6, Section 53A of the General Laws, the undersigned members of the Advisory Council to the Port of Boston Commission re-

spectfully submit this report of activities for the year ending, November 30, 1957, together with recommendations in consequence thereof.

The Advisory Council has met as required by law. In addition, it has had a number of special meeting with various members of the Port of Boston Commission. A score or more of port problems have come under close scrunity. These have included such important matters as the physical condition of piers and other facilities; the vital rate parity case which is before the Interstate Commerce Commission with hearings scheduled well into next year; and both general and specific consideration of the competitive position of the Port of Boston.

The Advisory Council to the Port of Boston Commission, created by an Act of the Massachusetts Legislature, is made up of representatives of 20 organizations which have a direct and continuing interest in the Port, plus the Mayor of Boston. All of those who serve, do so with the desire to improve port facilities; to help stimulate export and import traffic and to do everything in its power so that our Port will be in a position to compete with other major ports along the Atlantic Seaboard—and above all, to improve the economic status of the Commonwealth.

It is of fundamental importance to keep in mind the value of ocean shipping to the entire community of Massachusetts and New England which our port serves. Detailed studies carried on here over the years indicate that each ship docking in Boston leaves behind an average of from $12,000 to [fol. 4224] $15,000 for piloting service, towing, dockage, stevedoring and supplies. The Port docks about 2,500 ships annually and, using the lower figure of $12,000, this represents an annual income of $30,000,000 to us. This amount does not include the benefits accruing to railroads, brokers, trucking firms; warehousemen, shipyards and others.

The Port of Boston is a major responsibility of the Commonwealth. On its activity depends the livelihood of thousands of our citizens and hundreds of businesses, large and small. As all of us look with increased hope to the economic development of Massachusetts and the economic

renaissance of New England we would be negligent, indeed, if we did not give every possible consideration to port problems and attempt to bring all of the forces together and to marshall all of the resources which can assist in their solution.

In this report it is our intention to outline for you some of the major problems connected with the Port of Boston so that they may be emphasized in your total problem and so that they may receive your wholehearted and sincere consideration and that of the Massachusetts General Court. Many of the problems we will outline here are of urgency and high priority—problems which all of us must face up to in the immediate future.

They cover a whole range—from the physical condition of Port facilities, to problems connected with the cost of doing business in the Port, problems of Port promotion, Port protection and Port administration. And it should be kept in mind that where you find that you require additional information on any item, the Advisory Council stands ready to furnish it. We will deal with these problems as follows:

1. *Physical Condition of Port facilities*
2. *Cost of Doing Business in the Port of Boston*
3. *Port Promotion and Protection*

1. *Physical Condition of Port Facilities*—The Commonwealth of Massachusetts and all of its citizens have a huge [fol. 4225] stake in the physical facilities and properties of the Port. Over the years many millions of dollars of taxes have been poured into development so that our Port's plant and equipment would be able to meet modern-day requirements. There is no question but that we have, in many instances, facilities as good as can be found anywhere in the world.

But Port facilities—like the machinery and equipment in a large industrial plant—need constant attention if they are to be kept in first-class operating condition. So we have

never-ending problems of rehabilitation, maintenance and protective maintenance in the Port of Boston which must have our attention. Some of them follow:

a. *Castle Island Terminal*—This 100-acre site, with 4,200 feet of marginal wharf, presently owned by the Commonwealth, is considered by experts as one of the finest marine terminals in the country. The Commonwealth already has expended $1,200,000 on this facility—an amount which falls far short of what must be spent to put this terminal in a position to function at its fullest potential.

In 1956 the Port of Boston Commission requested an additional $970,000 from the Commonwealth to complete the job here and has repeated its request again in 1957. No funds were forthcoming. An emergency situation now exists at this facility. Castle Island Terminal is a hazard to the community and to all who work there.

As to the condition of the roads, the Fire Commissioner of the City of Boston reported in a letter (February 6, 1956) to Port of Boston authorities as follows:

"The roads in and around the area in which lumber is stored, and in the rear of Cargo Sheds 1 and 2 are in exceedingly bad condition. This has been steadily growing worse until, at this time, there is a serious doubt that fire apparatus should be taken into the areas noted.

[fol. 4226] "If one of our heavy vehicles should become disabled through striking a cradle hole or be mired, the movement of other pieces of equipment would be dangerously hampered. At the present time, firefighting operations would be most difficult. A much more serious situation is the danger of men being thrown from the apparatus responding—because of the rough, uneven surface of the roads.

"This condition is called to your attention so that you will understand before a fire occurs that the Fire Department will do the best it can under existing conditions, but it cannot be responsible for delayed action under the circumstances."

In addition to funds for road rehabilitation, money is desperately needed for fender system repair and replacement, wharf repairs, erection of fire walls and for the prevention of corrosion. We cannot urge too strongly the necessity of immediate action. (Cf. photographs taken for Advisory Council re Castle Island Terminal attached to this report).

b. *Hoosac Pier #1; Mystic Pier #1 and East Boston Pier #1*—Construction of these facilities was completed during the period 1952-1954 at a cost to the Commonwealth of about $20 million. While these facilities are adequate in design and construction, a serious situation exists relating to the corrosion of steel piling which apparently was not anticipated during the construction. This situation is not unique to Boston but is common to all ports having similar structural design. But unless this corrosion is halted soon a situation will result where a complete repiling of the structure must be undertaken at substantial additional cost to the Commonwealth.

c. *Commonwealth Pier*—The Port of Boston Commission has reported to us that, although partial remodeling is underway at Commonwealth Pier, this will not do all the work necessary to put this Pier in first class physical and operating condition. The Advisory Council wholeheartedly [fol. 4227] endorses whatever appropriation the Port of Boston Commission recommends for this additional work after completion of a study by competent engineers.

2. *Cost of Doing Business in the Port of Boston.* The Advisory Council feels that no report on the Port of Boston would be realistic or complete if it failed to emphasize to you, the members of the Massachusetts Legislature and the public that the cost of doing business in the Port of Boston is reported by shippers and marine operators to be the highest of any port in the North Atlantic range. We cannot stress too strongly the seriousness of this situation and the impediment it represents in selling the port to potential shippers and the depressing effect it has on all business dependent on waterborne commerce.

Under present labor conditions, the simple, undeniable fact is that we cannot compete with other ports along the Atlantic Seaboard. It is our understanding that the additional costs incurred at the Port of Boston by steamship companies and shippers results from the failure of labor in our Port to adapt itself to new and economic methods of operation. These include refusal to palletize; outmoded work methods and arbitrary working rules. This situation seriously affects, not alone those who work or might work on the piers, but the economic prosperity of Massachusetts and for that reason, we feel it deserves your attention.

We wish here to make it clear that the Advisory Council does not lay the blame for this crippling situation entirely upon labor. Management itself has contributed to the prohibitive costs through failure on its part to exercise its prerogatives. But whatever the cause, we are victims of the fact that it costs more to do business in the Port than it costs to do the same kind or amount of business in any other Port in the country.

[fol. 4228] The Advisory Council is so deeply concerned about this matter that it feels impelled to suggest a meeting with you and any others you may suggest for a further discussion of this basic impediment to success. The Advisory Council feels strongly that when all of the facts on this situation are brought into the open, a solution of this serious problem can be found.

3. *Port Promotion and Port Protection*—Promotion and selling the Port of Boston must be a continuing program supported with adequate funds. Substantial sums must be provided for such promotional work as freight solicitation (including branch offices) compilation of trade statistics, rate protection and services, paid advertising, entertainment, travel, motion pictures and other visual aids, membership dues, subscriptions, publicity, harbor tours, speaking engagements and other public relations activities.

The Port of Boston with a sole representative in Washington, has no branch offices overseas. We have no branch offices in the major market areas of the country, New York and Chicago. Other ports, in addition to maintaining offices

in the important metropolitan areas across the United States have offices for trade solicitation in foreign countries.

It must be kept in mind that port development and trade promotion today is big business. All of the devices that business employs to attract customers are used by modern-day ports. A Port Commission which must go hat in hand every year to a Legislature for promotional funds and emerge with a pittance (related to demonstrable competitive need) is doomed to failure.

The protection of a port also is a major task. Legislation at all levels, especially at the federal level, must be studied closely and scrutinized carefully lest a port suffer from discrimination of one kind or another. The protection of the Port of Boston, particularly at this crucial stage, requires that the Port of Boston Commission be provided with the weapons of money and talent needed to continue its fight to bring rate parity to the Port.

[fol. 4229] Our case now is before the Interstate Commerce Commission. Two years of effort and approximately $80,000 have gone into its preparation. Three or more years may pass before it finally is decided. It probably is the most important case even to confront the Port of Boston.

We cannot afford to cut corners here. We must be able to employ the best professional talent and be able to send all of the necessary witnesses to Washington to appear before the Interstate Commerce Commission who can contribute information and documentation to support the Port of Boston's demand for fair shipping rates.

Unless sufficient funds are available we cannot go on. If we lose all we are venturing because of lack of a few dollars, the Port of Boston will be set back twenty years. This is a matter of grave importance and one which deserves the undivided attention of Your Excellency as well as legislators, business and civic leaders.

As of now, not one cent is available for the expenses connected with this complicated legal battle in Washington. This is an emergency situation. The Advisory Council urges you and the members of the Massachusetts Legis-

lature to take whatever emergency steps are necessary to see to it that those who have been charged with the responsibility of handling this case are provided with their bare necessities to see it through to what we hope will be a most successful conclusion.

Conclusion—When the Advisory Council to the Port of Boston Commission was established, this agency of government was charged with the responsibility of making annual reports which would "include specific recommendations for legislation, planned or drafted, as part of a consistent program to serve the Port of Boston."

Since its organization the Advisory Council has kept close watch on port activity and has maintained a serious interest in port problems. Many of its members frequently [fol. 4230] visit other major ports in the United States and abroad and are familiar with their operations. Many of its members attend regular conferences in all parts of the United States dealing with port matters and international trade.

All of the information the members of the Advisory Council have gathered individually and collectively demonstrates that under present conditions the Port of Boston is a stagnant port—and needlessly so. Neither the machinery nor the funds have been provided to permit the present Port Commission to function with anything approaching efficiency or effectiveness. And there is no prospect that under the present critical financial condition of the Commonwealth, which shows no signs of improving, the kind of appropriations the Port needs can possibly be forthcoming.

But funds alone are not enough. The cumbersome, inflexible, unworkable procedure under which the Port must operate puts it at an impossible disadvantage in competing with other ports operated on a businesslike basis. It is a tragically necessary understatement to say at this time that the members of the Advisory Council, having studied other ports and their operations, are frustrated and discouraged at the inability of the Port to function with the

degree of freedom which modern port operational requirements demand.

Since the end of World War II, the Port of Boston Commission has had six chairmen, four directors and three acting directors. At the present time it has no director. As a matter of fact it would be difficult, indeed, to get a first class professional port director even to consider taking the position as director of the Port of Boston under present conditions.

The present Commonwealth-operated port agency is [fol. 4231] grossly inadequate. It has none of the elements necessary to successful enterprise. It lacks continuing financial resources, flexibility, policy, long-range planning and incentive. It is an outmoded machine faced with a modern task.

It is obvious that if the Port is to be operated and developed on an efficient basis it will involve a huge outlay of taxpayers' money.

Last year the Massachusetts Legislature by a substantial majority of both parties created a new agency to deal with Port problems—the Massachusetts Port Authority. The members of the Advisory Council kept close watch on this legislation at every stage. We attended hearings and studied every proposal to alter the bill. We listened to arguments at that time and since, both of the proponents and opponents.

It must be kept in mind that the livelihood of thousands of citizens of the Commonwealth depends on a healthy, vigorous Port. When a decision is made to change the administration of the Port of Boston we must be certain, beyond a reasonable doubt, that it is the right decision.

The Massachusetts Port Authority will raise the necessary funds through its bond issues for port development and trade promotion thus relieving the taxpayers and the Commonwealth of this financial burden.

For all of these reasons we are uncompromising in our support of the Massachusetts Port Authority. No obstacle

should stand in the way of this agency. It is desperately needed—now. Whatever amendments are necessary to enable the Massachusetts Port Authority to function should speedily be enacted.

Respectfully submitted,

(Signed) RALPH M. BINNEY, Chairman

[fol. 4232] NOTE: The original of this was signed by the following members of the Port of Boston Advisory Council. Mayor Hynes and Joseph Kaplan who represents the New England Shoe and Leather Association on the Advisory Council are out of town and therefore we were unable to obtain their signatures.

.....

Edward N. Mayer, Traffic Manager
Plymouth Cordage Company
Representing: Assoc. Industries of Mass.

.....

Ralph M. Binney, Vice President
The First National Bank of Boston
Representing: Boston Clearing House Assoc.

.....

Robert C. Bacon
Edward R. Bacon Grain Company
Representing: Boston Grain and Flour Exchange, Inc.

.....

Arthur Lane, President
Peabody & Lane, Inc.
Representing: Boston Shipping Assoc., Inc.

.....

L. Charles Biggin, President
Willy Biggin Wool Service
Representing: Boston Wool Trade Assoc.

Thomas R. Welch, Treasurer
H. P. Welch Company
Representing: Foreign Commerce Club of Boston

Soren Willesen, Vice President
Sprague Steamship Company
Representing: The Greater Boston Chamber of Commerce

[fol. 4233]

Herbert S. Evans, Vice President
Boston Tow Boat Company
Representing: Maritime Assoc. of the Greater Boston Chamber of Commerce

Captain Roy D. Lurvey, Secretary
Masters, Mates & Pilots Local 11 AFL
Representing: Massachusetts Federation of Labor

Thomas D. Rice, Executive Secretary
Massachusetts Fisheries Association
Representing: Mass. Fisheries Assoc.

John H. Welch, Vice President
H. P. Welch Company
Representing: Mass. Motor Truck Assoc., Inc.

John Reaves, Port Agent
National Maritime Union CIO
Representing: Mass. State CIO Industrial Union Council

Sherman L. Whipple, Jr., President
Wiggin Terminals, Inc.
Representing: Mass. Warehousemen's Assoc.

Gardner Caverly, Executive Vice President
New England Council
Representing: New England Council

[fol. 4234]

William H. Day
Representing: New England Shippers
Advisory Board

Patrick J. Mullaney, Vice President
Boston & Maine Railroad
Representing: New England Territory
Railroads Freight Traffic
Committee

William Winberg, Jr., Manager of Inland
Waterways Department
Esso Standard Oil Company
Representing: The Propeller Club of the
United States Port of
Boston, Incorporated

Patrick Fitzpatrick, Vice President
Boit, Dalton & Church
Representing: New England Export Club

Benjamin L. Smith
Blanchard Lumber Company
Representing: New England Wholesale
Lumber Association

[fol. 4235]

I.C.C. Exhibit No. 96

SUPPLEMENTARY REPORT OF THE ADVISORY COUNCIL TO THE PORT OF BOSTON COMMISSION

submitted to

GOVERNOR FOSTER FURCOLO

December 31, 1957

Advisory Council to the
Port of Boston Commission
1 Federal Street, Boston, Mass.

Ralph M. Binney, Chairman
Tel. LIberty 2-4900

[fol. 4236] December 31, 1957

His Excellency Foster Furcolo
Governor of the Commonwealth
State House
Boston, Massachusetts

Your Excellency:

On December 2, 1957, the Advisory Council to the Port of Boston Commission, in compliance with the provisions of Chapter 6, Section 53A of the General Laws, submitted to you a report of its activities for the year ending November 30, 1957, together with recommendations in consequence of that report.

As you know, the Advisory Council to the Port of Boston Commission, created by an Act of the Massachusetts Legislature in 1953, is made up of representatives of 20 organizations which have a direct and continuing interest in the Port, plus the Mayor of Boston. The Advisory Council

functions without any public funds and all who serve on it do so with a sincere and urgent desire to improve conditions at the Port of Boston.

On December 18, 1957, the Port of Boston Commission published its Fourth Annual Report for the fiscal year ending June 30, 1957. Following publication of this 60-page document, members of the Advisory Council met with Chairman John T. Lang, Commissioners Leon Cangiano, James J. Healey and Acting Director Frank Orfanello—all of the Port of Boston Commission—for a discussion of both reports and other problems of the Port. (Unfortunately Commissioner Lawrence J. Ritchie was unable to be present at this meeting since he was in Washington representing the Commission on a matter of vital importance. [fol. 4237] Originally we intended that our report of December 2, 1957, would be our final report of this year. But after careful and deliberate study of the Commission's report we feel more strongly than ever that there is no solid basis for any optimism as far as the future of the Port of Boston is concerned. Furthermore, we would be doing a disservice to the many thousands who depend on Port activity for their livelihood if we did not attempt to interpret some of the recent figures about the Port which have been brought to your attention, the attention of the members of the Massachusetts Legislature and the public.

Tonnage Figures—On Page 44 of the report of the Port of Boston Commission there is a listing by tons of the 25 leading commodities imported through the Port of Boston. We would like to point out here that six of these 25 commodities—petroleum products, sugar, gypsum, iron ore, molasses and rock salt—total 4,481,480 tons out of a total import movement of 5,313,966. This leaves a balance of 832,486 tons of general cargo which moved through facilities owned and/or operated by the Port of Boston Commission.

Here it must be emphasized that the six commodities which we have listed—running to almost four and one-half million tons—are moved by and for account of industry located within the Port area—industry which operates its

own facilities. None of this cargo is influenced by any action of the Port of Boston Commission. This means that the yardstick with which to measure the effectiveness of the Commission's activity in promoting business at the Port is not 5,313,966 tons but the remaining 832,486 tons.

[fol. 4238] General Cargo—On Page 46 of the report of the Port of Boston Commission there is a listing by tons of the leading export commodities. For the year 1956 they totaled 1,015,069 tons of which 929,414 tons consisted of scrap, grain and coke. This leaves a balance of 85,653 tons of general cargo which moves over the public facilities of the Port. It must be apparent to anyone that this is far from a healthy situation. It is an alarming condition and one which calls for bold remedial action!

It should be stressed here that the members of the Advisory Council have no quarrel with the Port of Boston Commission or its hard-working staff. We have met with the Commissioners on several occasions and we hope to meet with them again at regular intervals to discuss Port affairs. The simple fact is: *The Port of Boston Commission is attempting to run a big business without any of the tools or weapons which big business must employ if it is to be productive, successful and competitive.*

Economic Importance of the Port—In this supplementary report we wish particularly to restate the role of the Port of Boston in the economic life of Boston, Greater Boston, Massachusetts and New England. While we must face the fact that the northeast region of the United States is handicapped by the lack of some natural resources we are in a most advantageous position to promote foreign trade—export and import—and international business generally. May we refer you again to page 44 of the Commission's report which shows that the greatest portion of the Port's tonnage moves directly to private industry. This is a prime example of the interdependency of port business and private [fol. 4239] business. A prosperous port and a prosperous economy go hand-in-hand.

Let's take the case of raw materials. New England industry is dependent for the import of raw materials for its

extensive manufacturing activity in the six-state area. It is fundamental that if such raw materials move through New York, Philadelphia or Baltimore enroute to our New England industrial complex the additional cost of such movement is added to the finished product. In a highly diversified economy like ours this puts our workers and our business at a sharp competitive disadvantage.

It also must be kept in mind that recent studies have shown that each general cargo vessel arriving in Boston leaves an average of from $12,000 to $15,000 for piloting service, towing, dockage, stevedoring and supplies.

Representatives of industry serving on the Advisory Council are deeply concerned about the effect which a Port, operating under severe handicaps, has on the industrial future of Massachusetts and New England. The Lynn shoe manufacturer, for example, can hardly be expected to compete with the shoe manufacturer in New York for business in the Caribbean when there is no service for that part of the world out of the Port of Boston. This has a direct effect on employment, taxes and the general prosperity of the area.

Employment Affected—Employment is particularly affected by the lack of general cargo movement. Directly affected are the stevedores, freight handlers, truckmen, warehousemen, weighers, etc. Indirectly affected are thousands of others of our citizens. There are signs of a decrease in employment in and around the Port at the present time with no indication that this condition will improve in [fol. 4240] the forseeable future.

In view of all this, in the light of our studies and our findings, with all of the information available on the Port of Boston and other ports competing with us for business we feel that 1958 will be a most critical year for the Port of Boston. We can move, however, and we must move. There are several specific steps to be taken in the months ahead to revitalize the Port of Boston—to put it in the position where it is making contribution to the area in keeping with its potential as a powerful economic force.

With that in mind the Advisory Council submits the following program for your consideration and the consideration of all interested citizens:

1. *Port Facilities*—In our previous report to you we stated that port facilities, like the machinery and equipment in a large industrial plant, need constant attention if they are to fully serve the purposes for which they were built. The problems of rehabilitation, maintenance and protective maintainance are never-ending.

We respectfully refer you to the specific facilities mentioned in that report which are in need of attention—Castle Island Terminal; Hoosac Pier No. 1; Mystic Pier No. 1; East Boston Pier No. 1 and Commonwealth Pier. The Advisory Council urges that the necessary funds be appropriated so that all these important facilities of the Port be put in first-class operating condition.

2. *Rate Parity*—Funds in no small amount also will be needed to continue the fight to bring rate parity to the Port [fol. 4241] of Boston. Almost $80,000 of the Commonwealth's funds already have been expended in this case—probably the most important case ever to confront the Port.

We can be assured that the competing ports of Baltimore and Philadelphia—ports which are our opposition in this matter before the Interstate Commerce Commission—will have all of the necessary witnesses and professional talent to document and support their case to keep the present prohibitive rail rates on the books to the continued detriment of Boston and the Commonwealth.

We must be willing to make the same effort. Those who have been charged with the responsibility of handling the Commonwealth's case must be provided with all of the funds, personnel and consultants necessary to assure our success in this matter. If we fail here the Port will be set back two decades.

3. *Port Promotion*—As we mentioned earlier in this report, the operation of a port today is big business. All of the tools, all of the devices which can help a port attract

business are being employed in every major seaport area of the country.

If the Commonwealth is to continue to operate the Port of Boston it must be prepared to underwrite out of taxes the kind of a promotional program and a program of freight solicitation (including branch offices) which will make businessmen here and abroad sit up and take notice.

4. *Cost of Doing Business in the Port of Boston*—On Page 9 of the report of the Port of Boston Commission there is a statement which says: "No reliable labor cost [fol. 4242] data are available to prove or disprove the allegation that the per-man hour productivity at Boston is relatively low by comparison with competitive ports, other conditions being equal."

The Advisory Council takes issue with this statement and submits the following figures which are based on actual studies of the cost of doing business here as against competing ports.

a. Production for discharging—for the same type ship carrying similar cargo—is nine tons *more* per hour in Brooklyn than in Boston, eleven tons more per hour in Newark and 13 tons more per hour in Philadelphia.

b. On loading Boston is five tons per hour *under* Brooklyn and New York.

c. Our costs for stevedoring here are 33 percent *higher* than in Philadelphia, Baltimore and Norfolk.

d. Actual cost figures of various commodities per ton follow:

Type of Cargo		Per Ton of 2,240 lbs.
General Cargo	Baltimore	$3.67
	Philadelphia	3.67
	Boston	5.33
Woodpulp—	Fifty (50) cents a ton higher at Boston over Portland, Maine.	

Rags & Waste Paper in Bales	Baltimore	$4.08
	Philadelphia	4.54
	Boston	5.33

[fol. 4243]

Asbestos	Baltimore	$4.03
	Philadelphia	4.03
	Boston	5.84
Bagged Beans	Baltimore	$2.96
	Philadelphia	3.26
	Boston	4.37

Lumber—British Columbia
$2.00 a thousand higher at Boston over the other ports.

Lumber—West Coast
$1.25 a thousand higher at Boston over the other ports.

Flour— $1.50 a ton higher at Boston over Portland, Maine.

Cocoa Beans—Five cents a bag (85¢ a ton) higher at Boston over the other ports.

All of these cost figures mean only one thing: *We are losing business, losing jobs, losing prestige and causing irreparable damage to the future economy* of the Commonwealth. On the other hand, if our costs are brought into line with other major ports we will increase our business, promote more employment and guarantee the kind of prosperity which a first-rate port brings to a community.

In our previous report we suggested a meeting with you and others you may suggest for a further discussion of the matter of the cost of doing business at the Port of Boston. We respectfully ask such a meeting within the next month and feel certain that when all of the facts on this situation are brought into the open, a solution to this serious problem can be found.

[fol. 4244] 5. *Massachusetts Port Authority*—Recently the Finance Advisory Board of the Commonwealth outlined five steps to improve the state's financial condition. One of the five items was a reconsideration of legislation creating the Massachusetts Port Authority to diminish the financial liabilities of the Commonwealth.

Reliable financial experts point out repeatedly that the Commonwealth will have to raise an additional minimum of $10 million in new taxes which would not be necessary if the Massachusetts Port Authority were to get into operation. This is a matter of serious moment as we look to improving the business climate of the Commonwealth.

The saving to the Commonwealth of tax dollars is of vital importance to the economic well-being of Massachusetts. But a Massachusetts Port Authority would not only save tax dollars it would bring new income and a businesslike approach to our Port and other problems at a time when both are a desperate necessity.

The Advisory Council reemphasizes its faith in the Massachusetts Port Authority. Guiding this agency are the kind of men, both from management and labor, whose talents represent the very best example of "citizen participation" the Commonwealth or any other arm of government could hope to harness. These men have given their time and energy to the Authority in the full knowledge that it is the kind of approach to our port and allied problems which the times demand.

The Advisory Council earnestly hopes as we begin the New Year that the problem of the Massachusetts Port Authority can be resolved to your satisfaction, the satisfaction of the Legislature, the Authority and the thousands of [fol. 4245] citizens who believe in and have supported the Authority proposal.

Conclusion—Speaking to a group of business leaders in New York recently, Austin J. Tobin, the extremely able executive director of the Port of New York Authority said: "The welfare and continued pre-eminence of the Port of New York are and always have been enmeshed in a never-end-

ing series of problems, crises, progressions and triumphs. . . . (those) . . . who live with these problems and from time to time rejoice in the Port's progress will, I know, be as determined as ever that this Port will continue to be the nation's pre-eminent gateway."

If New York is determined to continue its pre-eminence —isn't this the challenge to Boston and the Commonwealth?

Respectfully submitted,
(signed) RALPH M. BINNEY, Chairman

NOTE: The original of this was signed by the following members of the Port of Boston Advisory Council. Mr. John Reaves, Port Agent, National Maritime Union CIO, was out of town and therefore we were unable to obtain his signature.

Edward N. Mayer, Traffic Manager
Plymouth Cordage Company
Representing: Assoc. Industries of Mass.

Ralph M. Binney, Vice President
The First National Bank of Boston
Representing: Boston Clearing House Assoc.

[fol. 4246]

Robert C. Bacon
Edward R. Bacon Grain Company
Representing: Boston Grain and Flour Exchange, Inc.

Arthur Lane, President
Peabody & Lane, Inc.
Representing: Boston Shipping Assoc., Inc.

George C. Carens, Vice President
Carens Wool Co., Inc.
Representing: Boston Wool Trade Assoc.

Thomas R. Welch, Treasurer
H. P. Welch Company
Representing: Foreign Commerce Club of Boston

Soren Willeson, Executive Vice President
Sprague Steamship Company
Representing: The Greater Boston Chamber of Commerce

Herbert S. Evans, Vice President
Boston Tow Boat Company
Representing: Maritime Assoc. of the Greater Boston Chamber of Commerce

Captain Roy D. Lurvey, Secretary
Masters, Mates & Pilots Local 11 AFL
Representing: Massachusetts Federation of Labor

[fol. 4247]

Thomas D. Rice, Executive Secretary
Massachusetts Fisheries Association
Representing: Mass. Fisheries Assoc.

John H. Welch, Vice President
H. P. Welch Company
Representing: Mass. Motor Truck Assoc., Inc.

Sherman L. Whipple, Jr., President
Wiggin Terminals, Inc.
Representing: Mass. Warehousemen's Assoc.

Gardner Caverly, Executive Vice President
New England Council
Representing: New England Council

William H. Day
Representing: New England Shippers
Advisory Board

Patrick J. Mullaney, Vice President
Boston & Maine Railroad
Representing: New England Territory
Railroads Freight Traffic
Committee.

William Winberg, Jr., Manager of Inland
Waterways Department
Esso Standard Oil Company
Representing: The Propeller Club of the
United States Port of Boston,
Incorporated

fol. 4248]

Patrick Fitzpatrick, Vice President
Boit, Dalton & Church
Representing: New England Export Club

Benjamin L. Smith
Blanchard Lumber Company
Representing: New England Wholesale
Lumber Association

[fol. 4249]

I.C.C. Exhibit No. 97

REPORT OF THE ADVISORY COUNCIL TO THE PORT OF BOSTON COMMISSION

submitted to

GOVERNOR FOSTER FURCOLO

March 20, 1958

Advisory Council to the
Port of Boston Commission
1 Federal Street, Boston, Mass.

Ralph M. Binney, Chairman
Tel. Liberty 2-4900

[fol. 4250]

March 20, 1958

His Excellency, Foster Furcolo
Governor of the Commonwealth
State House
Boston, Massachusetts

Your Excellency:

On December 2, 1957, the Advisory Council to the Port of Boston Commission, in compliance with provisions of Chapter 6, Section 53A of the General Laws, submitted to you a report of its activities for the year ending November 30, 1957, together with recommendations as a result of that report.

On December 31, 1957, we forwarded to you a supplement to that report which contained information on the Port of Boston which we felt strongly should be brought to your attention.

It has now come to our attention that the representatives of carriers at the Port of Baltimore have attempted to in-

troduce both reports in evidence in the course of I&S 6615, the so-called "freight rate differential case," currently before the Interstate Commerce Commission. A member of the Advisory Council will be present in Washington to authenticate on both reports when the Interstate Commerce Commission next resumes hearings on March 25.

We are amazed that those who oppose rate parity for Boston should consider our reports helpful to their cause, in view of the strong stand which we have taken that parity rates are absolutely vital to our Port. We have no doubt whatsoever that this rate problem is at the root of almost all of the troubles of our Port which we have mentioned in both our earlier reports. We had thought we had made this clear; but we now feel that some clarification may be necessary to prevent you, as well as the members of our Massa- [fol. 4251] chusetts legislature and other interested parties, from misinterpreting the purport of some of our prior statements and the intent of the members of the Advisory Council in making these statements.

When we prepared these reports we did so to bring you up-to-date on conditions at the Port of Boston which merited your attention and the attention of the Legislature. But more than that we used the reports to focus attention on the necessity of getting the Massachusetts Port Authority into actual operation. We contend that such an instrumentality—as both Baltimore and New York have discovered—is the only long-range, modern-day, business-like approach to port activities and port problems.

During the postwar period great public interest developed in our port and, since 1946, $40 million has been expended for capital improvements on our port facilities—now among the finest in the world. What we recommended to you recently is that you use your good office to see to it that an additional $4 million was appropriated at this session of the Legislature—only ten percent of our total expenditure at the Port of Boston over the last decade—for certain items of maintenance, repair and replacement—the kind of problems common to every port (and, indeed, to every business) in the United States.

As we reported to you on December 2, 1957, the $4 million should be spent at Hoosac Pier #1; Mystic Pier #1 and East Boston Pier #1 to prevent corrosion of steel pilings; for some additional rehabilitation at Commonwealth Pier #5 and for road rehabilitation and improving the large back land area at Castle Island. None of the defects in these facilities, of course, in any way impede the flow of traffic or add to the cost of handling it.

Capital funds for this work have been requested by the Port of Boston Commission and we are hopeful that in view of the obvious necessity to protect the large existing investment that by Legislative approval or speedy enactment of the Massachusetts Port Authority, funds will be forthcoming this year.

[fol. 4252] We have stressed that failure to do the maintenance job which should be started now would necessitate larger appropriations in the years ahead. It is just good business to go ahead with such repairs this year.

In our previous reports to you we have placed a certain amount of emphasis on labor conditions on the docks at the Port of Boston. This is a matter of extreme importance to all of us, although it should be stressed that no shipper has to bear any added cost because of these conditions, owing to the fact that stevedore costs are borne by steamship companies. Such conditions are closely connected with the low volume of business at the Port. And the single greatest contributory factor in lack of volume at the Port of Boston is the unfairness of Boston's freight rate structure as we attempt to do business in the rich and productive central territory of our country.

To further clarify this situation it is easy to foresee that certain "make-work" practices would disappear if there was enough and continuing employment for our labor force. In other words, when the available work is insufficient and fluctuates greatly the men who work at the Port of Boston —or any other port—tend to stretch their efforts in a particular job over a longer period so that they bring home a week's pay. While we don't condone such practices we cannot deny they exist and will exist until the chief obstacle to increased volume, the rate differential, is removed.

Two charts are attached to this report. One shows the daily statistics on the employment of longshoremen on general cargo facilities in three typical months—January, 1957; August, 1957, and January, 1958. The other shows the monthly average number of longshoremen employed daily during 1956, 1957 and January 1958. These charts demonstrate clearly that there is an extreme fluctuation in employment on the waterfront. Such fluctuation—such lack of steady employment caused by lack of volume—is an undeniable factor in the cost of doing business at the Port of Boston.

[fol. 4253] With equal rates our New England carriers would have a fair and clear opportunity to compete for traffic to and from the now differential territory. With equal rates we would see substantial traffic move through the Port of Boston to the advantage of our entire region. It would give worker and management alike a new perspective on our great natural Port.

As you know the Advisory Council is made up of 20 organizations which have a direct and continuing interest in the Port, plus the Mayor of the City of Boston. The Advisory Council functions without any budget and all who serve on it do so with a sincere and urgent desire to improve conditions at the Port of Boston. The time, talent and experience of our members, many of whom have spent a lifetime in business at the Port, have been expended in the preparation of the information we have sent you. We are proud we have had the courage to publicly acknowledge high costs as one of our problems.

We would not be fulfilling our obligation if we did not also report to you and all interested parties our unanimous conviction that what we need to bring these costs into line is more business—business which we cannot now get because of a rate structure which operates against us. We are confident that, with an adequate volume of traffic, our port costs would be fully competitive with comparable ports.

Parity of rates is essential to the competitive ability of the Port of Boston and the Commonwealth of Massachusetts.

Rate parity will allow our industry to compete more favorably in world trade; provide greater employment and improve the earning power of our workers.

For many years we have stressed the importance of the freight rate differential case. On November 27, 1956, we reported to Governor Herter on this matter as follows: "The outsanding importance of the so-called Port Differential Case to the economy of Massachusetts plus known activities of competitive ports to combat Boston's desire to bring about rate uniformity to and from all North Atlantic [fol. 4254] Ports, prompts us to urge that ample funds be made available to the Port of Boston Commission to properly prepare and present its case . . . "

We have suggested that promotional activity on behalf of the Port of Boston should be increased for no amount of solicitation and promotion at the present time could hope to overcome the handicaps of the rate disadvantage. (Because of that rate structure even federal agencies have denied Boston freight to and from the central territory of the United States.) But we believe you should be aware of the promotional problem and the necessity of solving it through the agency of a Port Authority.

In conclusion, we cannot let this opportunity go by without once again pointing out to you and the members of the Legislature the need for the continuous planning, uninterrupted research and businesslike administration which can be obtained only through a Massachusetts Port Authority. That need for such an agency now is greater than ever and we urge you to support legislation which will enable it to get into operation.

Respectfully submitted,

Ralph M. Binney, Chairman

Edward N. Mayer, General Traffic Manager
Plymouth Cordage Company
Representing: Assoc. Industries of Mass.

Ralph M. Binney, Vice President
The First National Bank of Boston
Representing: Boston Clearing House Assoc.

Robert C. Bacon, Sr.
Edward R. Bacon Grain Company
Representing: Boston Grain and Flour Exchange, Inc.

[fol. 4255]

Arthur Lane, President
Peabody & Lane, Inc.
Representing: Boston Shipping Assoc., Inc.

L. Charles Biggin, President
Willy Biggin Wool Service
Representing: Boston Wool Trade Assoc.

Thomas R. Welch, Treasurer
H. P. Welch Company
Representing: Foreign Commerce Club of Boston

Soren Willesen, Executive Vice President
Sprague Steamship Company
Representing: The Greater Boston Chamber of Commerce

Herbert S. Evans, Vice President
Boston Tow Boat Company
Representing: Maritime Assoc. of the Greater Boston Chamber of Commerce

Captain Roy D. Lurvey, Secretary
Masters, Mates & Pilots Local 11 AFL
Representing: Massachusetts Federation of Labor

Thomas D. Rice, Executive Secretary
Massachusetts Fisheries Association
Representing: Mass. Fisheries Assoc.

[fol. 4256]

John H. Welch, Vice President
H. P. Welch Company
Representing: Mass. Motor Truck Assoc., Inc.

John Reaves, Port Agent
National Maritime Union CIO
Representing: Mass. State CIO Industrial Union Council

Sherman L. Whipple, Jr., President
Wiggin Terminals, Inc.
Representing: Mass. Warehousemen's Assoc.

Gardner A. Caverly, Executive Vice President
New England Council
Representing: New England Council

Patrick Fitzpatrick, Vice President
Boit, Dalton & Church
Representing: New England Export Club

Paul K. Lambert
Representing: New England Shippers Advisory Board

Joseph Kaplan, President
Colonial Tanning Co., Inc.
New England Shoe and Leather Assoc.

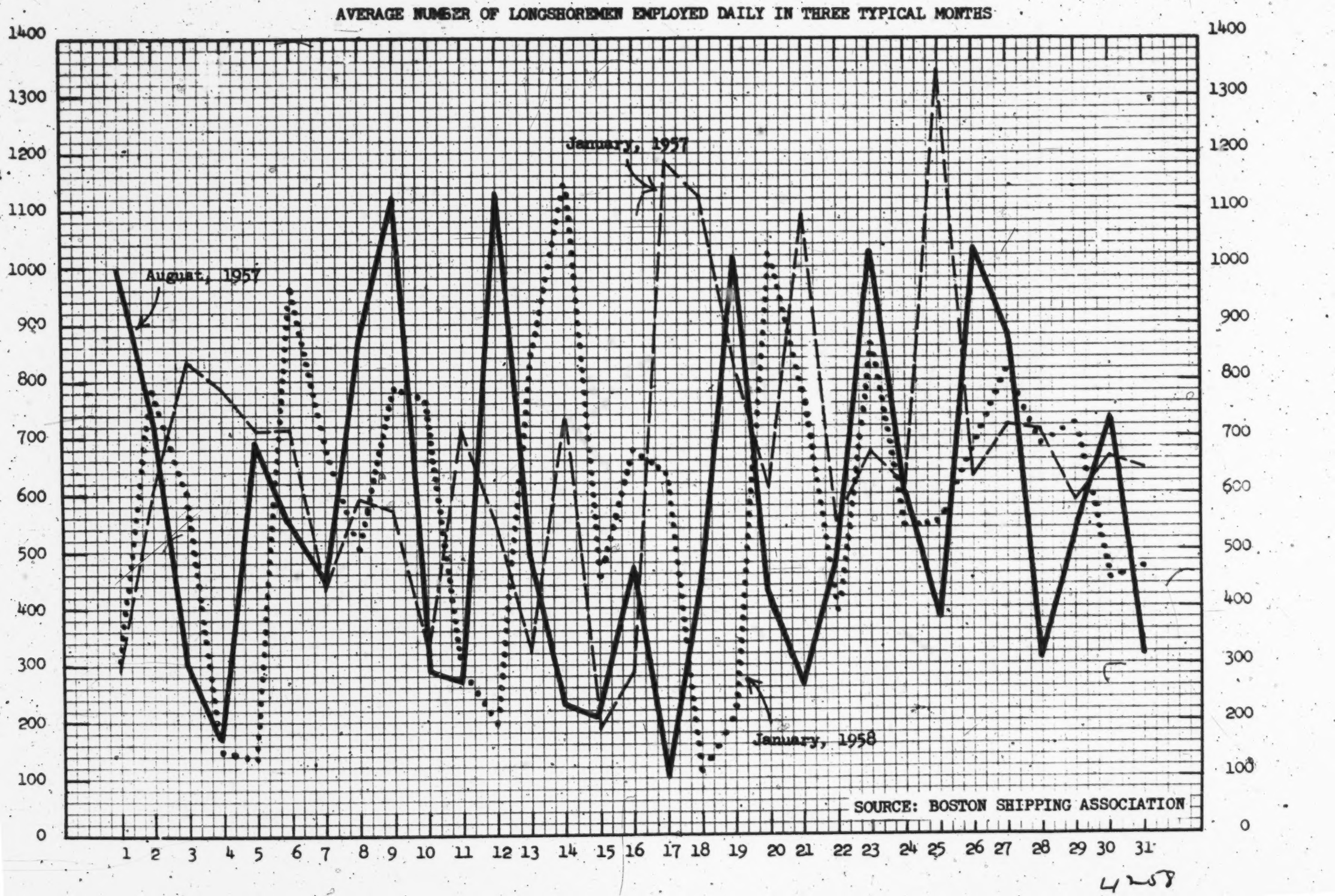
Patrick J. Mullaney, Vice President
Boston & Maine Railroad
Representing: New England Territory
Railroads Freight Traffic
Committee

Benjamin L. Smith
Blanchard Lumber Company
Representing: New England Wholesale
Lumber Association

[fol. 4257]

John O. Parker
Ely, Bartlett & Brown
Representing: The Propeller Club of the
United States Port of
Boston, Incorporated

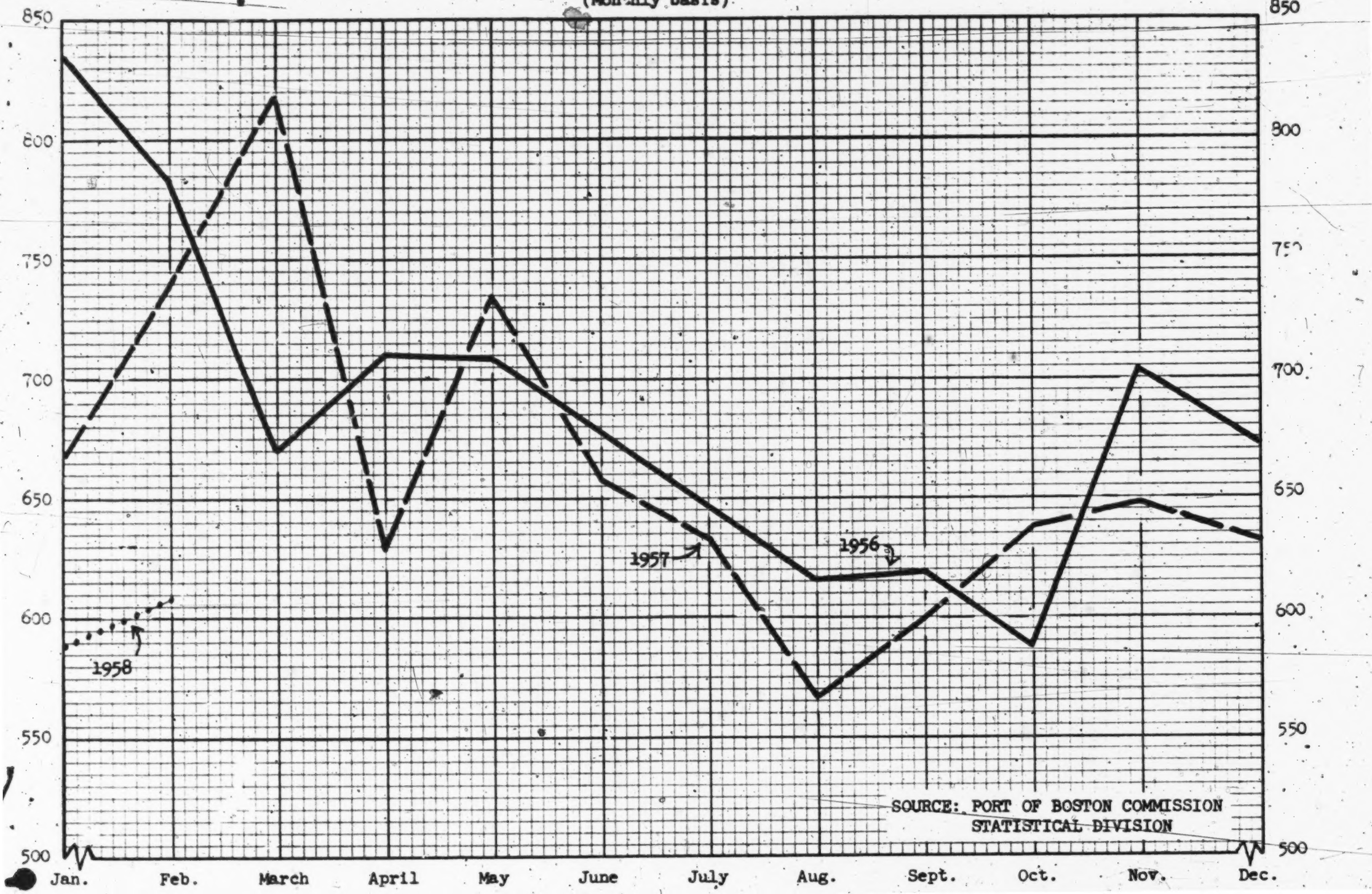
Honorable John B. Hynes
Mayor of the City of Boston


AVERAGE NUMBER OF LONGSHOREMEN EMPLOYED DAILY IN THREE TYPICAL MONTHS
August, 1957
January, 1957
January, 1958
SOURCE: BOSTON SHIPPING ASSOCIATION
1400
1300
1200
1100
1000
900
800
700
600
500
400
300
200
100
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

4258

AVERAGE NUMBER OF LONGSHOREMEN EMPLOYED DAILY AT GENERAL CARGO FACILITIES

(Monthly basis)



[fol. 4260]

I.C.C. Exhibit No. 100

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF CHARLES A. MASSON PRESIDENT, BALTIMORE CUSTOMHOUSE BROKERS AND FREIGHT FORWARDERS ASSOCIATION

[fol. 4261]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF CHARLES A. MASSON

My name is Charles A. Masson. I am President of the Baltimore Customhouse Brokers and Freight Forwarders Association and since 1919 have been a member of the firm of William H. Masson, foreign freight forwarders and customhouse brokers at Baltimore, whose business dates back to 1810. The Association for which I speak was organized sometime prior to World War II and its membership comprises 15 of the 22 forwarding and brokerage firms having offices in Baltimore. Eight of these member firms are strictly local in that they do not have offices in other ports.

I am acquainted with the competitive problems of the Baltimore forwarders and brokers. Baltimore forwarders and brokers actively solicit business in the midwest and are competitive for business with forwarders and brokers at other ports. The chief competition in this respect comes from the port of New York, where around 1000 forwarding and brokerage offices are located. This competition stems, of course, from the various advantages enjoyed by the port of New York itself, which are not equalled or even approached at any other port.

While Baltimore's rail differential naturally is of some advantage to the port, and in fact is practically our only [fol. 4262] selling point, it would have to be much greater than it is today to place Baltimore in a position of being reasonably competitive with New York.

New York's principal but by no means its only advantages lie in its superior steamship service and banking facilities. Its steamship service advantages are due not only to the great number of services and sailings but also to the high ratio of direct sailings. According to the Port of New York Authority, 85 per cent of the sailings from the port of New York are direct. On the other hand, a large propor-

tion of the vessels serving Baltimore sail from New York after leaving Baltimore. Vessel movement statistics prepared for this case, which I have examined, show that this difference in sailing time in favor of New York may range up to 19 days. Thus an exporter may take the same vessel at New York from a few days to nearly three weeks after it leaves Baltimore.

New York banks have branches or direct connections in all parts of the world and many foreign banks have branches in New York. It is stated by the source to which I have referred that the banking facilities for the financing of foreign trade are concentrated in New York and that 75 per cent of all United States foreign trade is financed through New York banks.

The readily available steamship service and banking facilities at New York enable exporters or importers to liquidate their investments in shipments more promptly than generally can be done when shipments move through Baltimore, which effects substantial savings in interest on the investments involved.

[fol. 4263] Other factors which influence movements through New York as against Baltimore's rate differential are the location at New York of export offices of many of the large producing exporters which permit direct supervision and contacts with steamship lines in connection with their exports through that port, the existence at New York of commodity brokers, which tends to funnel shipments of both exports and imports through that port and the operation of piers at New York by steamship lines which tends to prevent penalty storage on export shipments being accumulated for movement in their service.

Foreign buyers of exports in this country more often than not place their orders on a C.I.F. (Cost, Insurance and Freight) basis against letters of credit and without designating the United States port of exit. In such cases, it is the general custom of the exporters, many of whom as I have stated maintain export offices in New York, to route the shipments via that port, charging the freight to the foreign buyer who generally is not aware of the difference in rail rates to New York versus Baltimore.

It is my conclusion from my experience in the freight forwarding and brokerage business and as President of the Baltimore Customhouse and Freight Forwarders Association that, because of New York's many advantages in other respects, loss of the limited benefit of its rate differential would largely eliminate Baltimore as a competitor of that port for general cargo midwestern business.

[fol. 4264]

VERIFICATION

Charles A. Masson, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

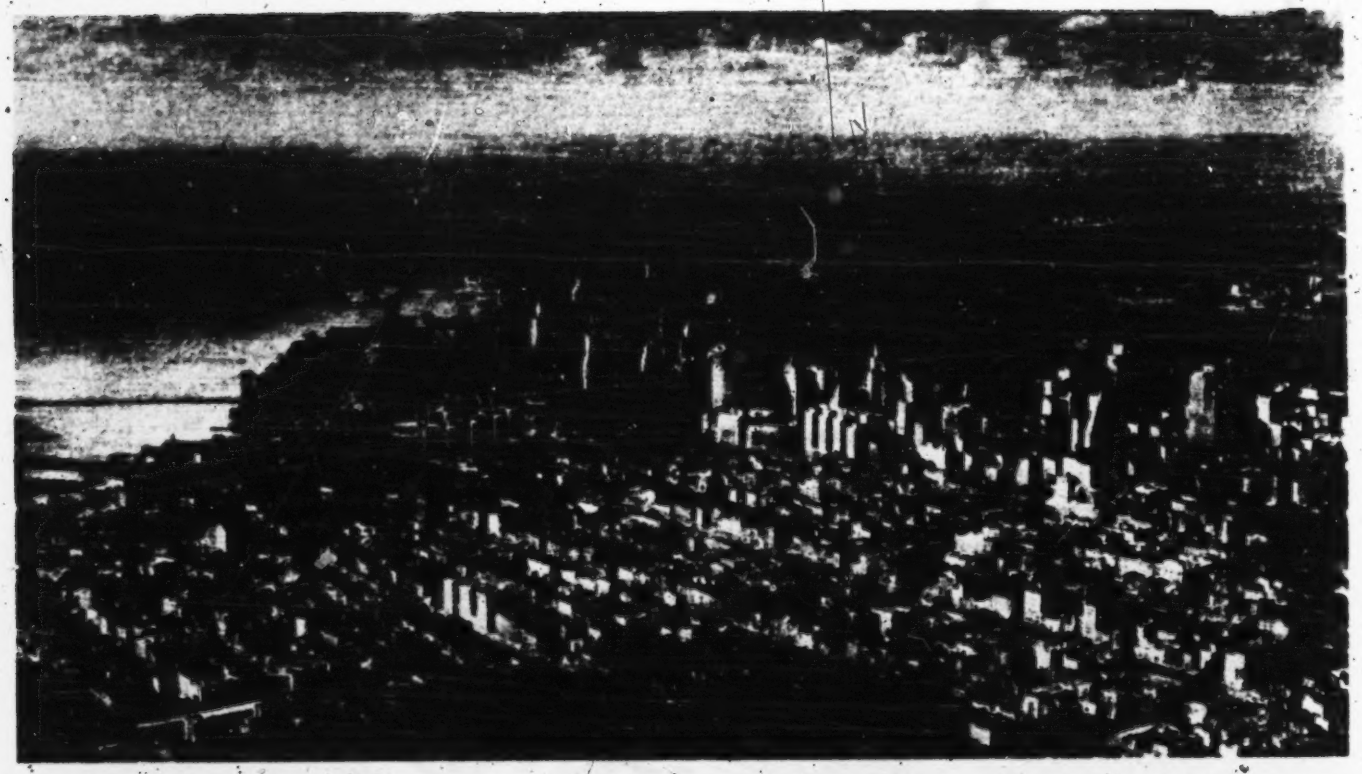
(S) CHARLES A. MASSON
Charles A. Masson

Subscribed in my presence, and sworn to before me, by the affiant above named, this 2nd day of October 1957.

(S) L. K. LEIMBACH
L. K. Leimbaeh

Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL



OCEANBORNE FOREIGN TRADE
AT THE
PORT OF NEW YORK

ANNUAL REPORT
1955

THE PORT OF NEW YORK AUTHORITY

[fol. 4265]
I.C.C. Exhibit No. 101
3101

A two mile section of the Brooklyn waterfront as it will appear upon completion of the new Brooklyn-Port Authority Piers, a seven year development program costing $85,000,000.

4266

[fol. 4266]

OCEANBORNE FOREIGN TRADE
AT THE
PORT OF NEW YORK

ANNUAL REPORT 1955

Analysis of Commodities, Markets and Long Term Trends

Prepared by
Trade Research and Analysis Staff
The Port of New York Authority
July 1956

4767

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GLOSSARY

BULKS	Commodities that are normally shipped in large quantities, requiring special handling facilities; such as ores, petroleum, asphalt, etc.
COMMODITIES	Goods shipped in oceanborne foreign trade, based on Department of Commerce Reports covering 2,900 export and 5,000 import classifications.
GENERAL CARGO	Usually packaged cargo of relatively high value (total oceanborne exports and imports less bulk).
GULF	Mobile, New Orleans, Sabine and Galveston Customs Districts.
NORTH ATLANTIC	New York, Massachusetts, Philadelphia, Maryland and Virginia Customs Districts.
SOUTH ATLANTIC	North Carolina, South Carolina, Georgia and Florida Customs Districts.
TONNAGE	Weight is given in long tons (2,240 pounds).

ACKNOWLEDGEMENTS

We greatly appreciate the important cooperation and assistance of the Department of Commerce, the Bureau of the Census; the Treasury Department, the Bureau of Customs; the Maritime Association of the Port of New York; and the Association of American Railroads.

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FOREWORD

In 1955, total oceanborne foreign trade shipped via the New York- New Jersey Port increased by 3,611,981 tons, or 11.3 per cent more than the volume handled in 1954. General cargo increased by 2,011,227 tons, an 18.7 per cent gain, and bulk cargo by 1,600,754 tons, a 7.5 per cent gain. It is encouraging to note that the 1955 total was also a gain over 1953, which was a year unmarked by serious loss of tonnage due to waterfront strikes, such as occurred in 1954.

TONNAGE

Foreign trade handled at the Port during the past three years was as follows:

	Tons	Per Cent Gain or Loss Compared with Previous Year
General Cargo		
1955	12,764,235	+ 18.7
1954	10,753,008	— 9.8
1953	11,916,960	
Bulk Cargo		
1955	22,869,485	+ 7.5
1954	21,268,731	+ 3.0
1953	20,658,129	
Total Cargo		
1955	35,633,720	+ 11.3
1954	32,021,739	— 1.7
1953	32,575,089	

The trade increase last year at the Port of New York confirmed our position as the leading port in the United States during 1955 in handling of total oceanborne foreign trade. New York's increase was part of a 28 per cent gain in total United States foreign trade that generally reflected prosperity both at home and abroad.

Commerce at the New York-New Jersey Port's competitor ports on the Atlantic and Gulf coast also reflected the national expansion of oceanborne foreign trade, and a higher degree of participation in this expansion. This was primarily attributable to three factors: the lack of equality in railroad freight rates which now favor competing ports over the New York-New Jersey Port; the after-effects of the Port of New York's 1954 waterfront strikes; and the rapid economic expansion of the south and southwestern parts of the country, with its concomitant effect on ports serving these areas. As a result of all of these factors, New York's share

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of United States total foreign trade tonnage decreased to 16.6 per cent in 1955 from 19.1 per cent in 1954. However, the Port of New York handled 43.3 per cent of the dollar value of total United States oceanborne foreign commerce during 1955 as compared with 42.2 per cent in the previous year.

GENERAL CARGO IS VITAL

In evaluating the New York-New Jersey Port's position in the handling of oceanborne commerce it is essential to separate the aggregate volumes into two main categories: general cargo and bulk cargo.

General cargo, which consists of relatively "high-value" commodities, is the foundation of the Port's economy. It provides the New York-New Jersey Port with most of the 430,000 jobs directly dependent on port commerce. It generates employment in such varied fields as marine transportation, foreign banking, export and import trading, freight forwarding, land transportation of trade goods and processing of agricultural imports. Bulk cargo, on the other hand, produces much less port income than does general cargo. Bulk cargo is generally handled through mechanically operated facilities, which require less labor than general cargo, and provides less "white collar" employment in processing and documentation.

It is noteworthy therefore that the Port of New York handled 27.7 per cent of total United States general cargo foreign trade in 1955. This compares with an 11.1 per cent share for its closest competitor port in the handling of general cargo. Thus emphasized is the pertinent fact that the increasing share of United States foreign trade being handled by the New York-New Jersey Port's competitors is based largely on low-value bulk cargoes, which are attracted to these ports principally by lower inland rail rates than those which apply to the Port of New York.

REQUIREMENTS FOR PORT PROSPERITY

We cannot, however, disregard the overall reduction of the Port of New York's position in competing for foreign trade. We must protect and increase our share of the "new business" in American foreign trade so that we may protect our position as America's leading port. The dependence of our local economy upon the activities of the Port makes such leadership imperative.

How can we strengthen our Port's position? We must actively seek to:

1. Secure the elimination of transportation rate structures that indiscriminately and unjustly favor competitor ports through differentials, or lower inland rail rates;
2. Provide at the Port of New York modern and efficient marine facilities that will attract more cargo;
3. Maintain an aggressive program of promoting the routing of shipments via the Port of New York; and
4. Establish stable and lawful leadership in waterfront labor.

Under its responsibilities to the States of New York and New Jersey, The Port of New York Authority has undertaken a broad program of de-

velopment, promotion and protection of the Port to accomplish the objectives that are within its powers and duties. We maintain trade development offices in New York, Chicago, Washington, Cleveland and Rio de Janeiro to carry out our sales and service efforts for the attraction of more trade to the Port. Additional assistance to shippers in routing of their cargo through the Port of New York is provided by our motion pictures, information bulletins and a monthly magazine which tell the advantages of using the Port.

Closely allied to this program is the Port Authority's continuing vigilance in protecting the Port against transportation rate structures that favor our competitors. We appear before the Interstate Commerce Commission, the Federal Maritime Board and other Federal, State and local regulatory agencies in our campaign to secure an equal competitive position for the Port of New York. These activities, along with general planning, entail an expenditure of $900,000 annually.

IMPROVED MARINE FACILITIES

Since the end of World War II, the Port Authority has already spent or committed $55 million in the improvement of marine facilities at the Port. These facilities include the modernization and new construction at Port Newark and the Hoboken-Port Authority Piers in New Jersey and the Port Authority Grain Terminal and Columbia Street Pier in Brooklyn.

Early in 1956, the Port Authority purchased two miles of Brooklyn's prime waterfront and construction is about to begin on 11 new piers costing $85 million. Further expansion is also planned for the marine facilities at Port Newark at an estimated cost of $9 million. At the same time, the City of New York, private steamship companies and others have invested almost $60 million in similar port programs.

The Port of New York Authority believes that a stable waterfront labor situation, toward which the efforts of the Waterfront Commission of New York Harbor are directed, and the successful accomplishment of the Port's development, promotion and protection programs are vital to the maintenance of the Port of New York's position as the leading port of the nation and the world.

DONALD V. LOWE, *Chairman*
The Port of New York Authority

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[fol. 4271]

GENERAL CARGO

The New York-New Jersey Port's total general cargo export and import tonnage in 1955 increased to its highest level in the past three years. The Port retained its leadership among all United States ports in the handling of general cargo.

EXPORT TONNAGE

Continuing the upward trend that began in 1954, general cargo exports in 1955 rose to 6,389,063 tons. This is a 29.9 per cent increase over 1954 and the largest export tonnage shipped from the Port of New York since 1951.

The largest share of the increased exports represented greater shipments to Western Europe; the United Kingdom, Germany and Italy. New credit regulations and other anti-inflationary measures adopted by a number of European countries exerted little effect on the demands for exports moving via the Port of New York.

Shipments to Latin America and to countries in the outer Sterling area - South Africa, India, New Zealand - rose moderately.

IMPORT TONNAGE

The Port of New York's general cargo import tonnage was 6,375,172 tons in 1955, an increase of 9.5 per cent over 1954. This brought import tonnage into an approximate trade balance with export tonnage.

Most of the rise in the Port of New York's imports was producer goods from Western Europe used for construction or further manufacturing. Imports of foodstuffs - sugar and coffee - also registered substantial gains.

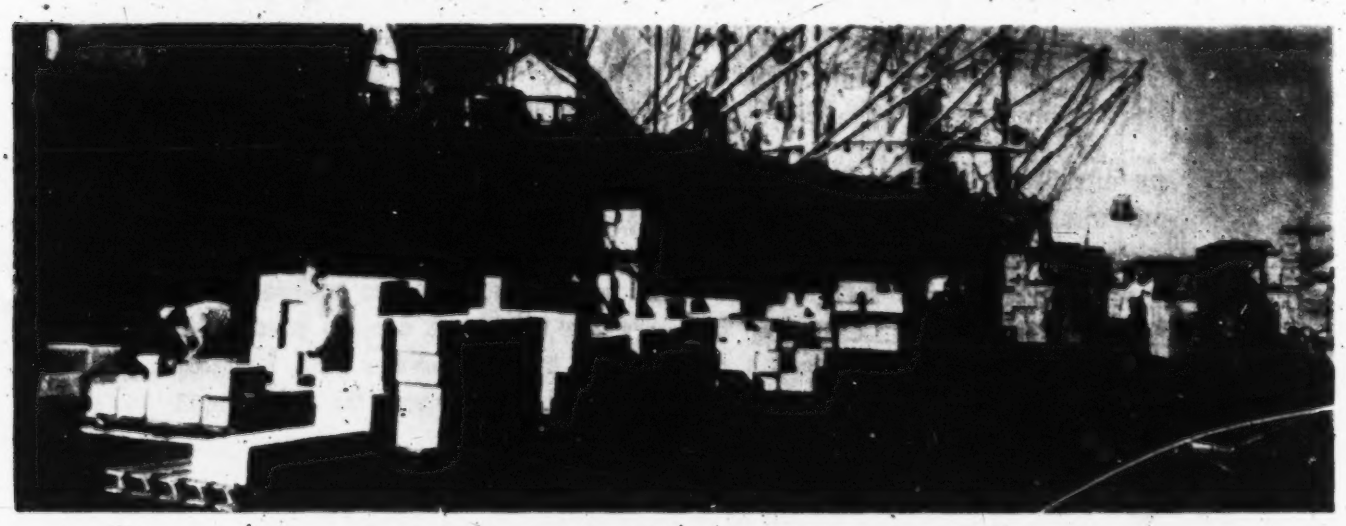
COMPETITIVE EXPORT SHARES

The Port's competitive share of United States general cargo exports was 26.8 per cent, unchanged from 1954, but a decline from the 33.7 per cent share of United States general cargo exports handled in the 1947-1953 period.

The single most important commodity contributing to this weakening of the Port's competitive position was iron and steel products originating from the nation's hinterland. The cost of moving these products by railroad must be kept competitive with rival ports. Rate equalization is being sought before the Interstate Commerce Commission by the New York railroads with the support of the Port Authority.

COMPETITIVE IMPORT SHARES

The Port of New York's share of United States general cargo imports was 28.6 per cent in 1955. This was a decline of 1.4 percentage points compared to 1954, and a decline from the 35.4 per cent share handled during the period 1947-1953. The decline can be attributed in part to development and expansion of new industries in other sections of the country.



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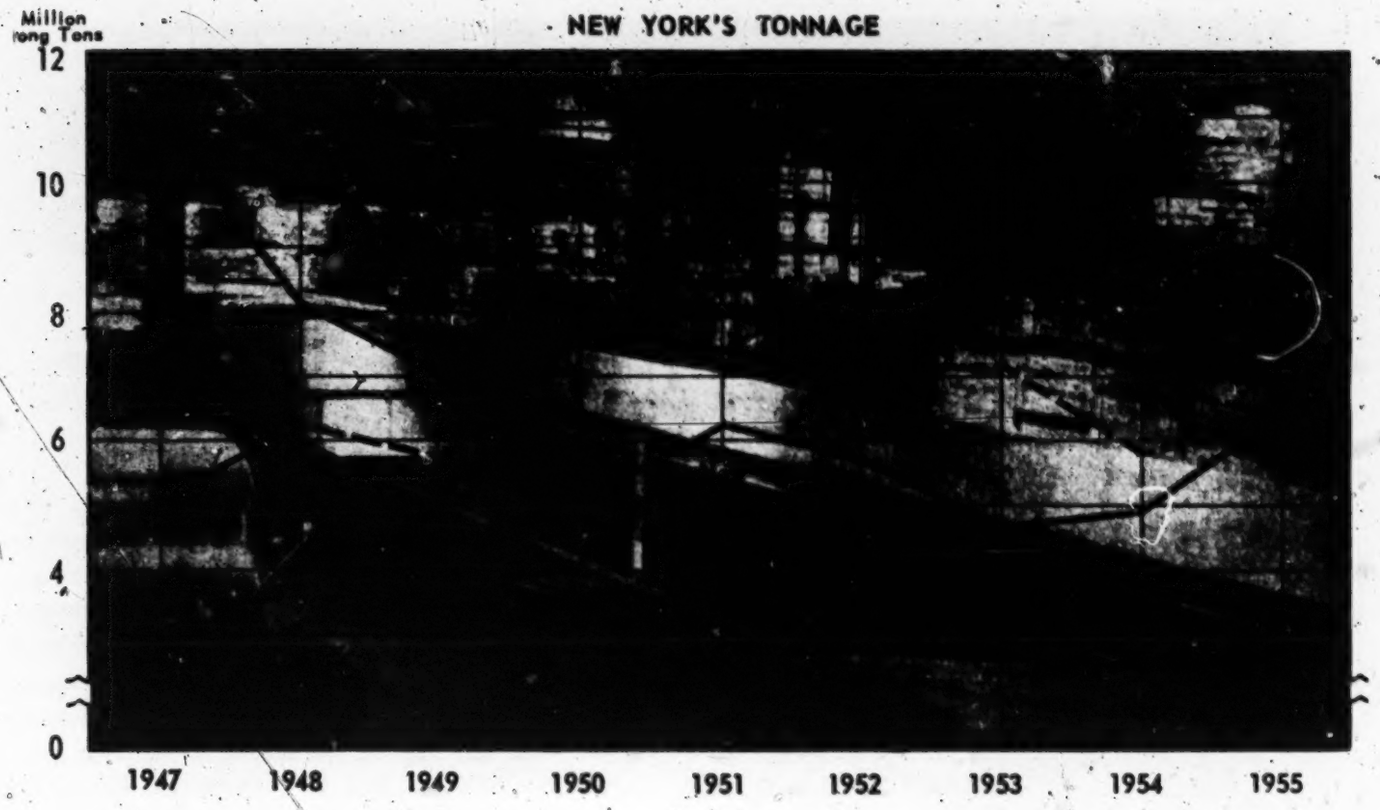
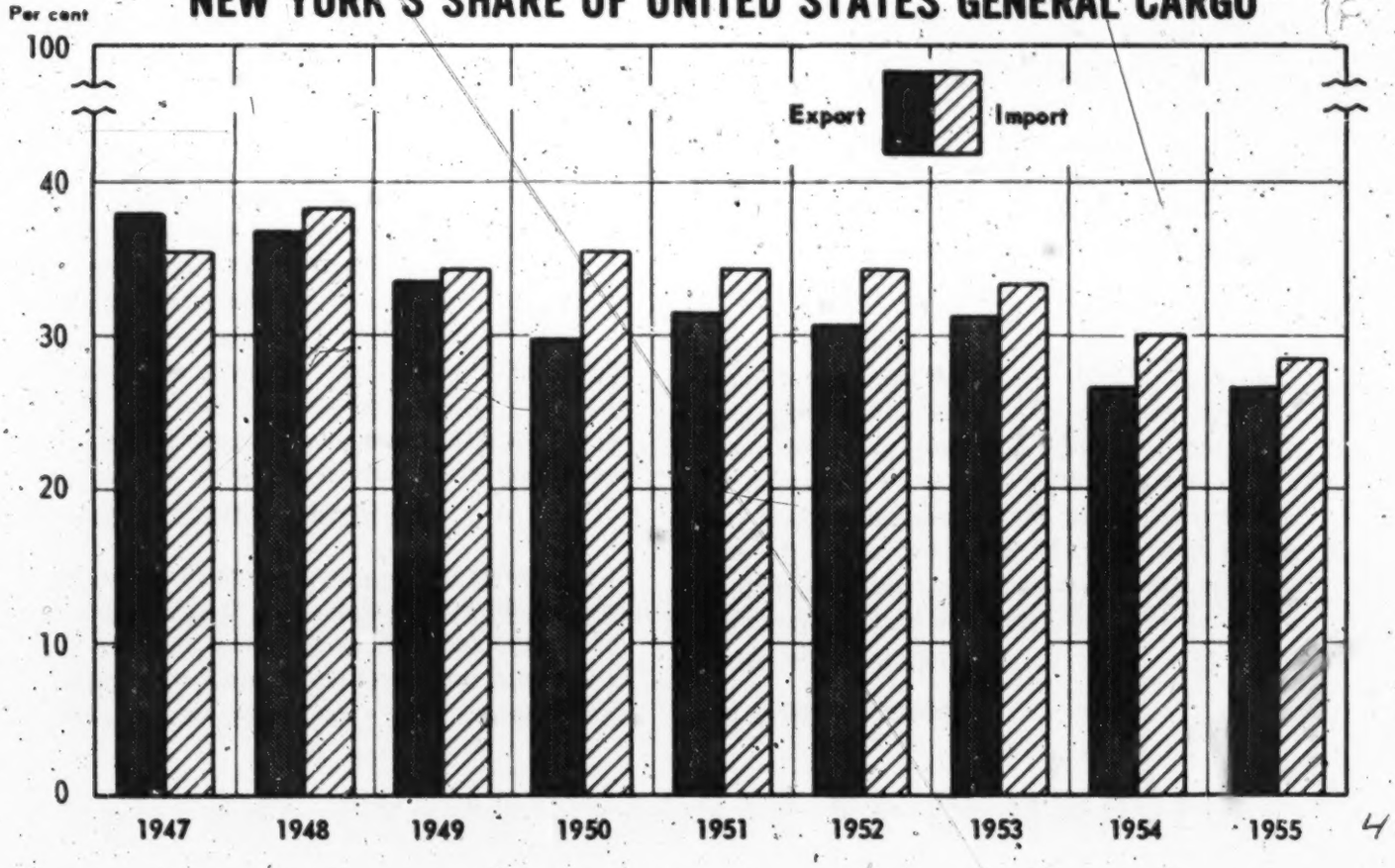
GENERAL CARGO

NEW YORK'S TONNAGE



NEW YORK'S SHARE OF UNITED STATES GENERAL CARGO



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GENERAL CARGO EXPORTS BY COMMODITY

Most of the New York - New Jersey Port's expansion in general cargo export tonnage in 1955 stemmed from increased shipments of industrial products to supply expanding production abroad, principally in Western Europe.

MANUFACTURED PRODUCTS

Passenger automobiles and parts dominated the rise in exports of consumer durables. Shipments of buses and trucks experienced little change. The Port of New York's exportation of all vehicles totaled 518,310 tons in 1955, or a 13.2 per cent increase over 1954. The largest portion of the exports went to Venezuela, Belgium, Cuba and the Union of South Africa.

Shipments of electrical machinery equipment rose to 131,940 tons, an increase of 7.8 per cent. The rise in heavy capital goods - generators and other power equipment - was moderate because overseas buyers are being supplied to an increasing extent from foreign sources. The movement of household appliances, radios and television sets, showed greater strength than heavy capital goods.

Exports of agricultural machinery remained practically unchanged at 106,158 tons. Industrial machinery increased to 134,305 tons, an increase of 14.8 per cent. This represented a partial recapture by the Port of its competitive position in the shipment of this commodity.

Substantial gains were registered in a number of other categories of industrial materials, including synthetic rubber and chemical specialties. Distribution was heaviest to the Far East and Western Europe.

IRON AND STEEL

Exports of iron and steel products increased to 1,020,948 tons, 26.6 per cent more than in 1954. The gain in exports of these basic industrial goods stemmed mainly from the continuing industrial boom in Western Europe.

Shipments of iron and steel scrap in 1955 were more than three times as large as 1954. Most of these shipments moved to Italy and the Benelux countries.

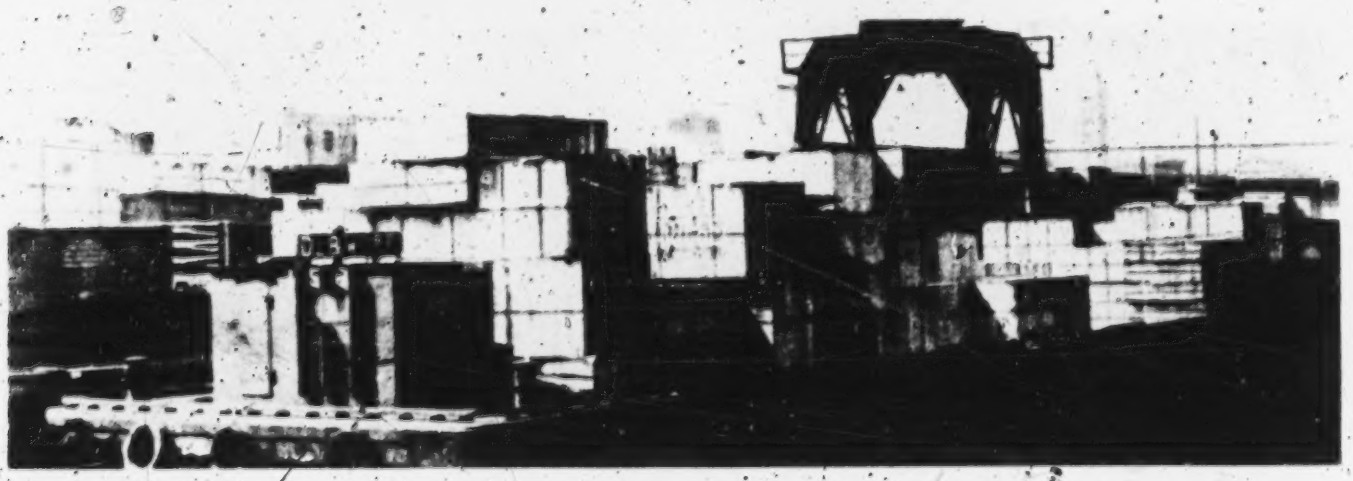
AGRICULTURE

Agricultural general cargo exports in 1955 increased slightly over the year previous, as expanded farm surplus disposal programs supplemented normal marketing factors.

Export edible animal oils and fats (lard) increased to 142,117 tons, up 29.4 per cent. At the same time, inedible animal products (tallow) dropped to 186,274 tons, a decline of 9.1 per cent. Shipments of dairy products increased while raw hide and fresh vegetable tonnages were down slightly.

COMPETITIVE SHARES

The Port of New York's competitive share of United States exports for forty-four key commodities in 1955 was about the same as 1954. Compared with 1953, however, the Port's competitive share for twenty-nine of these commodities declined by five or more percentage points while fifteen commodities posted moderate gains.



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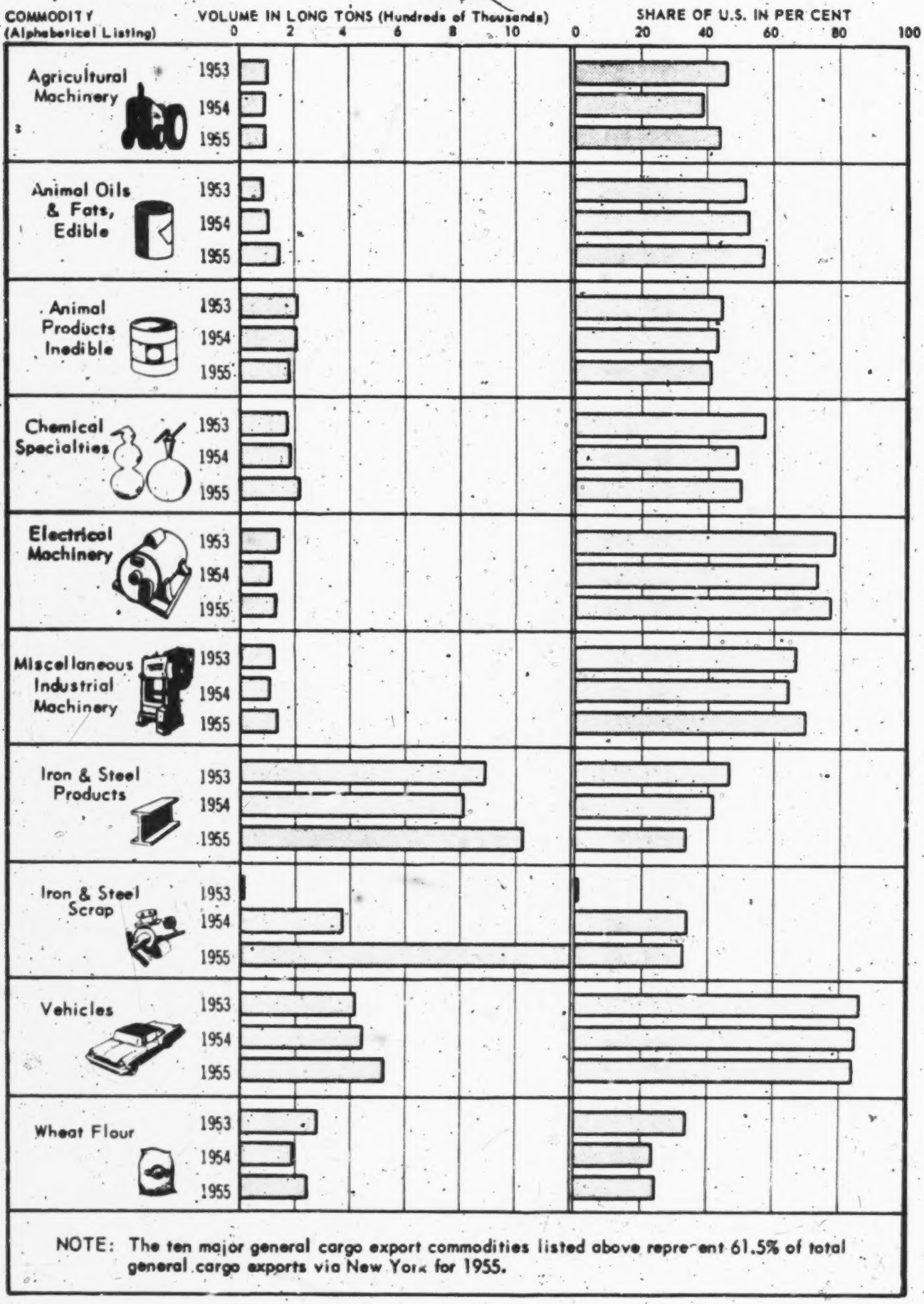
MAJOR GENERAL CARGO EXPORTS

1953 - 1955



NOTE: The ten major general cargo export commodities listed above represent 61.5% of total general cargo exports via New York for 1955.

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PRINCIPAL GENERAL CARGO EXPORTS FROM
1953 - 1955

Commodity	United States 1953	1954	1955
ANIMALS & ANIMAL PRODUCTS			
Misc. Meat	64 069	60 993	74 239
Animal Oils & Fats, Edible	183 819	207 834	248 623
Raw Hides & Skins	66 646	111 538	112 931
Animal Prods., Inedible	461 183	481 456	459 914
VEGETABLE FOOD PRODUCTS & BEVERAGES			
Wheat Flour	847 342	810 212	991 132
Misc. Flour & Grain	162 752	179 606	177 189
Animal Feeds	205 380	384 899	765 331
Misc. Vegetables	158 175	154 368	92 820
Fresh Fruits	241 649	231 291	248 432
Vegetable Oils, Edible	43 434	73 401	164 858
Coffee	26 590	20 268	25 385
Cocoa	14 181	11 178	9 673
Liquors & Wines	41 133	41 815	29 338
VEGETABLE PRODUCTS, INEDIBLE			
Synthetic Rubber	29 473	37 109	102 727
Flax Seed	46	94 997	103 058
TEXTILE FIBERS & MFRS.			
Cotton Manufactures	117 574	122 060	107 139
Wool Manufactures	49 924	67 456	67 415
Synthetic Fibers	65 195	68 302	60 490
Misc. Textile Products	30 980	19 397	27 512
WOOD AND PAPER			
Newsprint	46 306	134 106	196 619
Paper Products	293 640	371 643	435 684
NON-METALLIC MINERALS			
Lube Oils & Greases	515 111	618 195	623 203
Misc. Petroleum Products	202 865	218 743	228 763
Glass & Products	151 048	114 517	120 231
Misc. Clay Products	42 537	39 159	38 658
Non-Metallic Minerals	205 731	188 245	213 186
METALS & MANUFACTURES			
Iron & Steel Scrap	72 080	1 091 695	3 772 291
Iron & Steel Products	1 934 315	1 950 263	3 079 025
Refined Copper	97 827	195 816	179 743
MACHINERY & VEHICLES			
Electrical Machinery	198 408	166 052	168 980
Engines, Turbines, Parts	54 258	46 496	51 896
Construction Machinery	247 278	209 317	239 901
Machine Tools	99 007	76 074	67 867
Textile & Shoe Machinery	44 494	54 339	55 274
Misc. Industrial Machinery	198 751	181 562	192 930
Agricultural Machinery	247 116	271 421	242 038
Vehicles	497 847	538 343	616 808
Railway Locos., Cars, Parts	60 580	42 178	55 907
Vehicle Parts	106 367	114 624	124 539
CHEMICALS & RELATED PRODUCTS			
Coal Tar Products	41 934	68 797	59 007
Medicinal Preparations	39 003	40 663	37 432
Industrial Chemicals	392 329	621 448	566 210
Chemical Specialties	384 174	362 728	440 658
Pigments, Paints, Varnish	220 961	269 783	278 860
Sub-Total	9 203 512	11 164 387	14 953 916
All Others	5 931 644	7 227 651	8 843 651
TOTAL	15 135 156	18 392 038	23 797 567

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UNITED STATES AND PORT of NEW YORK

(Long Tons)

New York			Per Cent N. Y./U. S.		
1953	1954	1955	1953	1954	1955
50 287	47 062	57 322	78.5	77.2	77.2
94 899	109 814	142 117	51.6	52.8	57.2
27 426	35 884	28 079	41.2	32.2	24.9
207 121	206 006	186 274	44.9	42.8	40.5
284 274	193 441	245 159	33.5	23.9	24.7
42 056	37 925	30 377	25.8	21.1	17.1
36 062	40 171	89 351	17.8	10.4	11.7
37 207	28 467	17 239	23.5	18.4	18.6
18 316	16 330	30 169	7.6	7.1	12.1
23 040	28 607	87 970	53.0	39.0	53.4
21 401	14 349	20 978	80.5	70.8	82.6
13 076	10 896	9 455	92.2	97.5	97.7
25 783	16 038	13 812	62.7	38.4	47.1
20 512	15 640	29 911	69.6	42.1	29.1
17	71 396	92 274	37.0	75.2	89.5
71 180	65 748	60 545	60.5	53.9	56.5
34 741	44 882	49 060	69.6	66.5	72.8
51 408	51 215	43 081	78.9	75.0	71.2
21 073	11 731	15 199	68.0	60.5	55.2
22 527	51 527	60 365	48.6	38.4	30.7
82 811	84 403	90 233	26.2	22.7	20.7
121 611	110 708	115 573	23.6	17.9	18.5
62 625	64 621	62 538	30.9	29.5	27.3
75 881	58 094	63 994	50.2	50.7	53.2
20 618	17 163	18 114	48.5	43.8	43.9
59 157	55 414	60 048	28.8	29.4	28.2
209	376 696	1 224 543	0.3	34.5	32.5
896 346	806 306	1 020 948	46.3	41.3	33.2
38 443	88 290	84 466	39.3	45.1	47.0
156 824	122 348	131 940	79.0	73.7	78.1
34 648	27 282	25 819	63.9	58.7	49.8
118 687	86 211	116 506	48.0	41.2	48.6
64 198	50 386	48 211	64.8	66.2	71.0
27 499	29 801	31 000	61.8	54.9	56.1
132 311	116 955	134 305	66.6	64.4	69.6
115 475	106 175	106 158	46.7	39.1	43.9
430 201	457 951	518 310	86.4	85.1	84.0
26 624	21 792	27 838	43.9	51.7	49.8
88 952	89 035	100 818	83.6	77.7	81.0
20 902	29 277	33 766	49.8	42.6	57.2
27 177	25 578	24 695	69.7	62.9	66.0
91 380	134 149	123 951	23.3	21.6	21.9
164 323	180 358	220 708	57.8	49.7	50.1
205	65 115	63 055	25.4	24.1	22.6
4 015 513	4 301 237	5 756 274	43.6	38.5	38.5
711 987	632 089	632 789	12.0	8.7	7.2
4 727 500	4 933 326	6 389 063	31.2	26.8	26.8

[fol. 4277]

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GENERAL CARGO IMPORTS BY COMMODITY

Most of the New York - New Jersey Port's rise in imports during 1955 was contributed by partly-processed goods and foodstuffs.

RUBBER

Imports of crude rubber rose to 406,587 tons in 1955, an increase of 6.0 per cent compared to 1954. Consequently, the Port of New York strengthened its position as the leading rubber port of the United States. United States imports of natural crude rubber posted only moderate gains, as increasing demands here and abroad caused prices to rise sharply and resulted in a shift to synthetic rubber.

SAWMILL PRODUCTS

Imports of newsprint in 1955 increased to 311,538 tons, a gain of 1.7 per cent over the same period in 1954. World newsprint supplies were tight during the year. Imports, therefore, expanded only moderately, as available inventories were drawn upon to meet the enlarged demand.

Inbound movements of lumber totaled 199,988 tons, or a decline of 25.6 per cent.

FOODSTUFFS

The volume of foodstuffs imported via the Port of New York rose faster than for the country. For example, stimulated by lower prices, the Port's imports of coffee were 618,278 tons, an increase of 25.6 per cent over 1954. Sugar imports rose to 1,087,271 tons. The inbound movement of cocoa was 151,373 tons, slightly lower than in 1954. It appeared that a break in cocoa prices did not immediately stimulate imports because of the pressure of large inventories in the United States.

TEXTILES

The expansion in the domestic economy created a growing market for the goods used by the producers of nondurable goods. Synthetic fiber imports from Europe increased by 55.3 per cent to 33,696 tons. Cotton manufactures increased 70.6 per cent to 45,556 tons. This upward trend was also evidenced as lower prices and abundant supplies stimulated imports of raw silk, apparel wool and leather.

IRON AND STEEL PRODUCTS

Continuing domestic shortages caused the inbound movement of iron and steel products to maintain their prevailing high level at 135,700 tons, with a rise of 0.3 per cent. The majority of imports were low value, semi-finished iron and steel products. This was in contrast to exports which were higher value, finished products.

COMPETITIVE SHARES

The Port of New York's competitive share of United States general cargo imports for forty-eight commodities in 1955 versus 1954 showed only minor adjustments. Compared to 1953, however, thirty-five commodities posted declines up to ten percentage points, while thirteen commodities showed modest gains. Encouraging signs for the future are the strengthening of New York as the distribution center for such commodities as coffee, beverages and vegetable oils.

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[fol. 4278]

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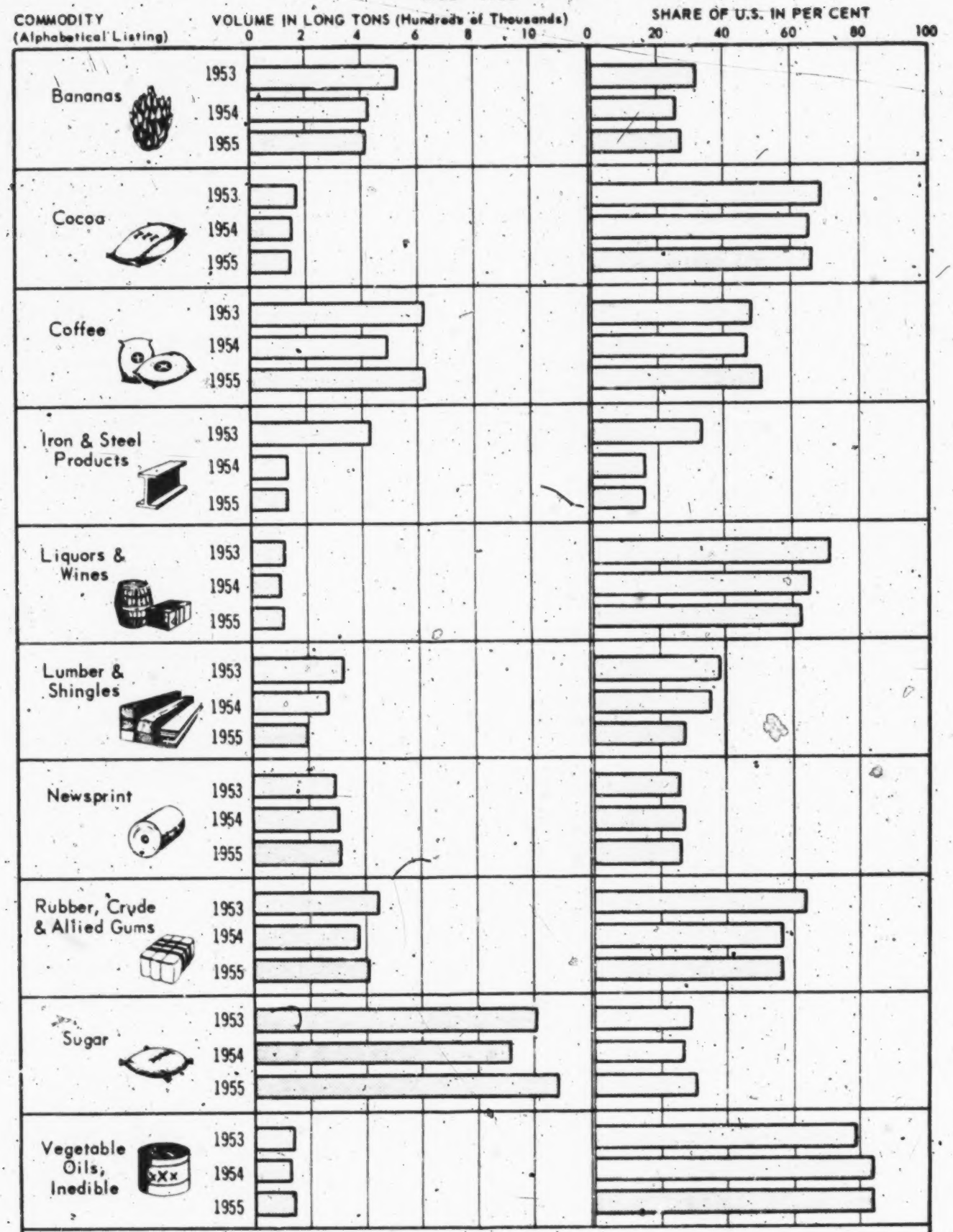
MAJOR GENERAL CARGO IMPORTS

1953 - 1955



NOTE: The ten major general cargo import commodities listed above represent 56.4% of total general cargo imports via New York for 1955.

[fol. 4279]

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PRINCIPAL GENERAL CARGO IMPORTS INTO
1953 - 1955

Commodity	United States 1953	1954	1955
ANIMALS & ANIMAL PRODUCTS			
Misc. Meat	126 155	121 018	121 622
Fresh Fish	99 041	132 049	124 787
Misc. Fish	118 373	123 886	107 178
Raw Hides & Skins	68 945	47 180	54 327
Animal Prods., Inedible	229 941	222 816	189 061
VEGETABLE FOOD PRODUCTS & BEVERAGES			
Fresh Vegetables	99 362	86 853	86 407
Misc. Vegetables	118 110	110 329	152 189
Fresh Fruits	64 829	60 739	65 405
Bananas	1 692 122	1 621 789	1 534 732
Misc. Fruits	176 277	150 029	150 872
Nuts	120 219	114 031	162 359
Vegetable Oils, Edible	42 402	51 575	59 924
Coffee	1 293 248	1 044 388	1 207 405
Cocoa	259 618	238 355	227 638
Tea	55 257	58 931	52 888
Misc. Table Beverages	36 349	43 358	48 297
Spices	45 113	47 480	44 671
Sugar	3 437 495	3 342 086	3 511 518
Liquors & Wines	168 238	163 581	188 248
VEGETABLE PRODUCTS, INEDIBLE			
Rubber, Crude	719 455	678 938	720 274
Naval Stores	59 460	49 513	59 815
Castor Beans	51 336	49 194	39 398
Vegetable Oils, Inedible	183 154	166 534	170 848
Dyeing & Tanning Materials	202 712	128 522	134 868
TEXTILE FIBERS & MFRS.			
Cotton Manufactures	36 954	33 326	54 857
Sisal, Henequen	253 078	203 615	202 254
Burlap & Jute Bagging	234 913	247 580	256 972
Vegetable Fiber Manufactures	93 095	108 489	150 616
Wool, Unmanufactured	221 737	148 199	167 338
Synthetic Fibers	41 459	40 457	87 611
WOOD & PAPER			
Lumber & Shingles	841 746	767 455	727 491
Cork Manufactures	123 092	127 415	116 527
Woodpulp	547 526	400 109	358 626
Newsprint	1 171 462	1 145 588	1 179 800
Paper Products	93 845	89 763	122 070
NON-METALLIC MINERALS			
Fuel Oil	85 964	65 067	80 848
Glass & Products	91 830	80 026	167 692
Misc. Clay Products	57 095	52 858	61 257
Nonmetallic Minerals	439 651	469 256	624 218
METALS & MANUFACTURES			
Iron & Steel Products	1 308 773	837 034	848 456
Refined Copper	184 396	151 052	117 167
Lead, Crude	212 907	156 826	153 695
Tin, Crude	87 134	71 473	67 491
Zinc Ore & Scrap	314 599	210 910	228 215
Zinc, Crude	81 991	39 175	54 978
CHEMICALS & RELATED PRODUCTS			
Coal Tar Products	67 453	45 324	73 934
Industrial Chemicals	156 340	156 774	193 525
Misc. Fertilizers	137 935	142 605	126 129
Sub-Total	16 352 686	14 643 550	15 463 498
All Others	5 110 841	4 758 273	6 839 304
TOTAL	21 463 527	19 401 823	22 302 802

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[fol. 4280]

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UNITED STATES AND PORT of NEW YORK
(Long Tons)

New York			Per Cent N. Y./U. S.		
1953	1954	1955	1953	1954	1955
58 484	58 148	63 516	46.4	48.0	52.2
22 163	24 633	20 899	22.4	18.6	16.7
57 657	51 670	49 128	48.7	41.7	45.8
35 208	20 669	23 166	51.1	43.8	42.6
56 270	43 652	49 251	24.5	19.6	26.1
31 552	23 082	25 726	31.6	26.6	29.8
72 750	67 193	90 125	61.6	60.9	59.2
38 003	30 965	38 291	58.6	51.0	58.5
539 350	425 358	420 757	31.9	26.2	27.4
105 755	97 111	95 061	60.0	64.7	63.0
89 863	82 549	108 898	74.7	72.4	67.1
33 575	38 178	40 960	79.2	74.0	63.4
622 076	492 286	618 278	48.1	47.1	57.2
178 672	155 239	151 373	68.8	65.1	66.5
33 812	30 848	28 900	61.2	52.3	54.6
26 324	31 369	33 242	72.4	72.3	68.8
38 401	39 092	36 789	85.1	82.3	82.4
1 008 652	923 141	1 087 271	29.3	27.6	31.0
119 421	106 986	117 853	71.0	65.4	62.6
453 158	383 630	406 578	63.0	56.5	56.4
49 471	42 863	52 737	83.2	86.6	88.2
50 032	48 842	38 375	97.5	99.3	97.4
146 236	138 832	143 411	79.8	83.4	83.9
39 497	42 009	41 808	44.1	32.7	31.0
29 873	26 697	45 556	81.9	80.1	83.0
68 415	49 908	42 741	27.0	24.5	21.1
36 027	34 784	34 255	15.3	14.0	13.3
32 077	32 184	45 865	34.5	29.7	30.5
60 515	40 220	51 368	27.3	27.1	30.7
24 529	21 702	33 696	59.2	53.6	38.5
330 694	268 878	199 988	39.3	35.0	27.5
38 368	49 745	36 985	31.2	39.0	31.7
151 673	95 272	78 874	27.7	23.8	20.5
303 754	306 202	311 538	25.9	26.7	26.4
56 110	60 733	63 140	59.8	67.7	51.7
85 844	64 585	67 438	99.9	99.3	83.4
30 952	26 979	48 678	33.7	33.7	29.0
34 688	29 574	36 091	60.8	55.9	58.9
73 001	71 388	75 283	16.6	15.2	12.1
429 936	135 257	135 700	32.9	16.2	16.0
174 529	118 743	114 868	94.6	78.6	98.0
118 605	81 925	73 623	55.7	52.2	47.9
67 864	46 627	45 854	77.9	65.2	67.9
66 233	43 073	40 048	21.1	20.4	17.5
72 921	32 810	39 801	88.9	83.8	72.4
25 775	19 035	25 839	38.2	42.0	34.9
74 002	58 070	77 415	47.3	37.0	40.0
[illegible]9 869	42 115	43 118	28.9	29.5	34.2
[illegible]2 636	5 154 851	5 550 164	39.0	35.2	35.9
806 824	664 831	825 008	15.8	14.0	12.1
7 489 460	5 819 682	6 379 172	33.5	30.0	28.6

[fol. 4281]

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ATLANTIC AND GULF COAST OCEANBORNE GENERAL CARGO

During the past decades, many Atlantic and Gulf ports have made bids for increased shares of foreign trade with the help of vigorous programs of port development and promotion. These programs have created an ever increasing competition for handling of foreign trade. Each port naturally seeks to increase the advantages it can offer to shippers. These advantages include lower rail rates to and from the hinterland, modern marine facilities, efficient and dependable handling of cargo and documents, and frequent vessel sailings.

THREE COASTAL REGIONS

The three prime coastal regions where the Port of New York is competing for general cargo are the North Atlantic, South Atlantic and Gulf Coasts.

Competition exists between these regions to serve as gateways for the flow of import and export commerce. To illustrate, steel from West of the Alleghenies can travel to a seaport by moving south to the Gulf Coast or east to the North Atlantic. Similarly, imports of sisal destined for bagging plants located in the Middle Atlantic states can be routed through either a South Atlantic or North Atlantic port. There are many commodities—lumber and manufactured cotton, for example—that are drawn from the exclusive transportation orbit of a port and are therefore non-competitive.

NORTH ATLANTIC

The North Atlantic (Maine to Virginia) region's share of Atlantic and Gulf general cargo exports in 1955 was 57.4 per cent, an increase of 2.2 percentage points over 1954. Part of the increase represented the Port of New York's gain over the previous year, but this did not return to the North Atlantic its 1953 share of oceanborne foreign trade exports.

On the import side there was no recovery of the 1954 losses. The North Atlantic's share of Atlantic and Gulf general cargo in 1953 was 70.3 per cent, and in the following two years it was 66.9 and 66.2 per cent. The relative rigidity of imports tends to show that much of the inbound traffic is destined for local consumption.

SOUTH ATLANTIC

The South Atlantic (North Carolina to Florida) region has made steady progress since 1953. Its share of Atlantic and Gulf general cargo exports has risen from 7.4 per cent in 1953 to 10.5 per cent in 1955. This growth was accounted for by larger volumes of paper, iron and steel products, and tobacco.

The South Atlantic's share of imports also expanded, rising to 10.9 per cent. This increase was due mainly to large tonnages of cement and steel for the building trades and highway construction, and generally reflects the increasing importance of this region in American economic geography.

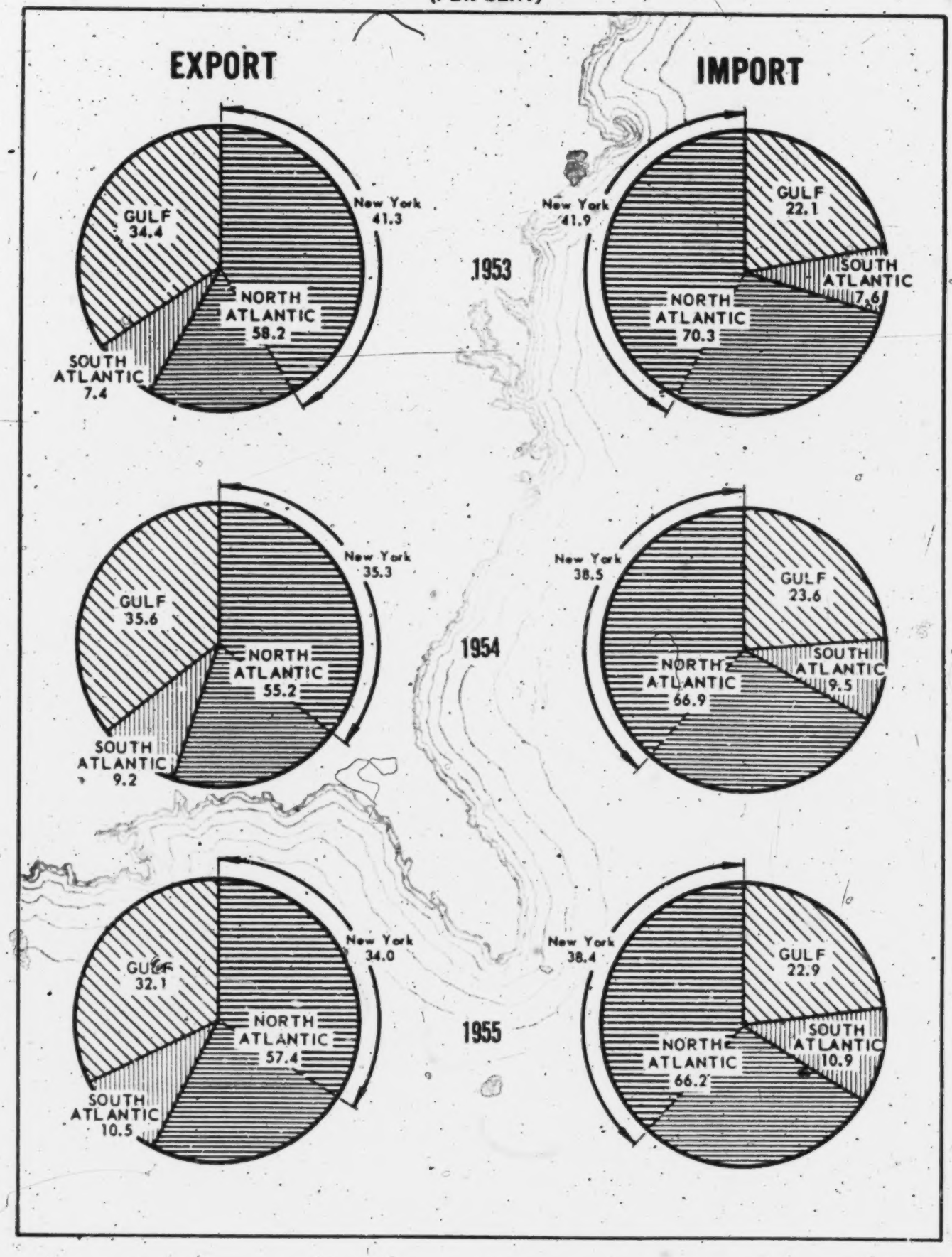
GULF COAST

The Gulf Coast (Alabama to Texas) suffered a decline in its share of Atlantic and Gulf general cargo exports. Its market share fell from 35.6 per cent in 1954 to 32.1 per cent in 1955. The decline was primarily attributable to a severe drop in cotton exports, due to the non-competitive overseas price of United States cotton during the year, and to smaller declines registered for some petroleum and chemical products.

For inbound movements, there was a slight downward adjustment bringing the Gulf's market share to 22.9 per cent.

DISTRIBUTION OF GENERAL CARGO OCEANBORNE TRADE ALONG ATLANTIC AND GULF COAST

(PER CENT)



[fol. 4283]

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BULK GRAIN EXPORTS

Bulk grain exports—wheat, corn, rye, barley, oats, soybeans and sorghums—from the New York Customs District (which includes Albany) in 1955 were 1,094,458 tons, an increase of 41.1 per cent over the year previous. This was the second largest volume handled since 1923. The normal market for bulk grain was further stimulated by the Federal Government's farm aid programs.

WHEAT

Despite a drop in tonnage, wheat was the most important grain exported from the New York Customs District. In 1955 the tonnage was 569,867, against 696,458 tons in 1954. Soft red wheat from the Middle Atlantic States was still the main type moving into overseas markets from New York. Spring wheat raised in the Dakotas and Montana showed growth in volume. Winter wheat exports also rose because of withdrawals of stored grain from the mothball fleet.

CORN

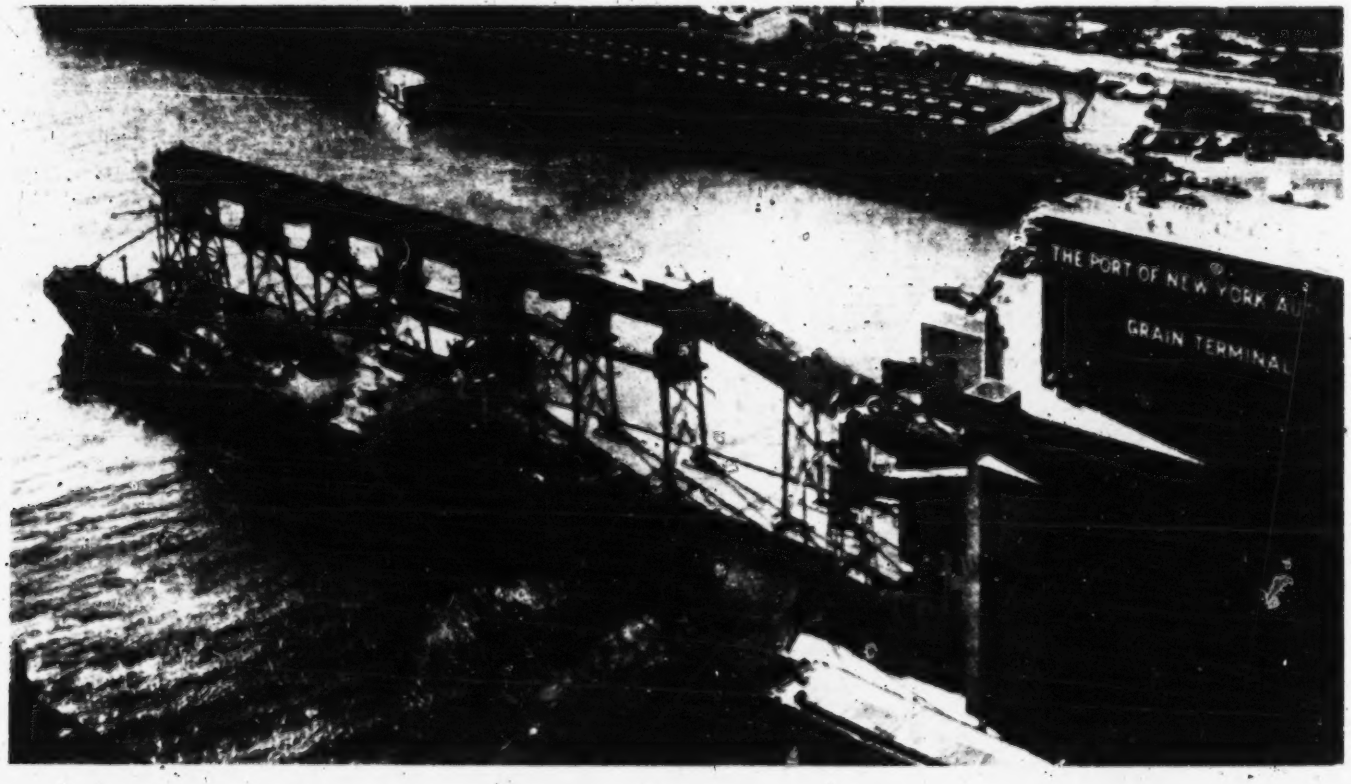
The importance of corn as a bulk grain to the Port rose sharply. In 1955 exports were 257,891 tons against 39,780 tons in 1954. The lower price of United States export corn and curtailed Argentine exports aided shipments.

OTHER GRAINS

Exports of barley and rye, oats, soybeans and sorghums were 266,700 tons compared to 39,250 tons in 1954. The expansion in shipments was partially a result of feed required by larger livestock herds in Western Europe.

COMPETITIVE SHARES

The New York Customs District's share of North Atlantic bulk grain exports reached 21.7 per cent in 1955, an increase of 0.3 percentage points over the previous year. The competitive position at the New York - New Jersey Port will be strengthened because of improved grain handling facilities.



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[fol. 4284]

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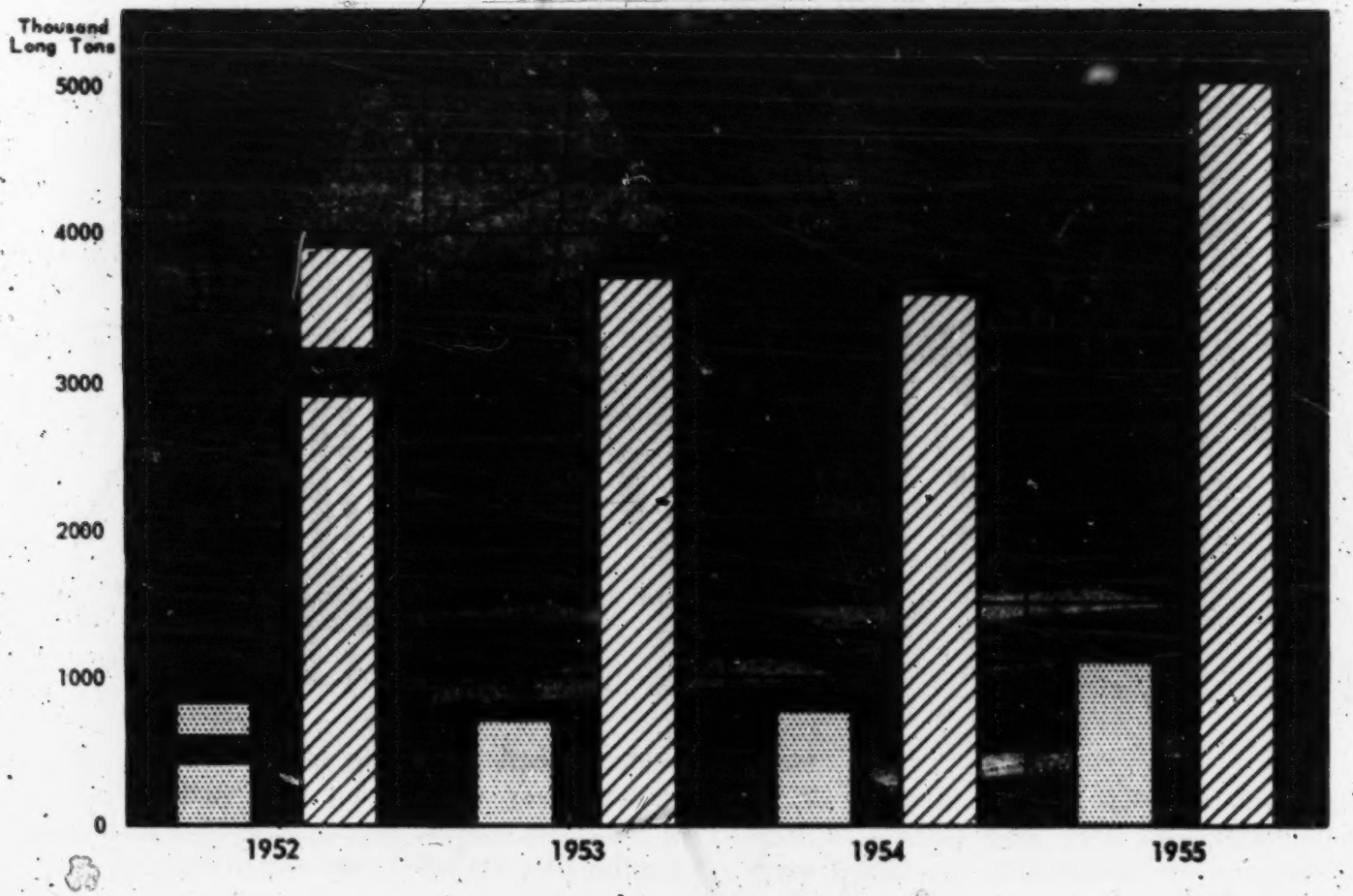
BULK GRAIN EXPORTS

1952 - 1955



BULK GRAIN EXPORTS

New York & North Atlantic Coast

(Long Tons)

	1952	1953	1954	1955
WHEAT				
New York	664,299	567,010	696,458	569,867
North Atlantic	2,098,567	1,848,049	2,274,698	1,760,741
% NY/NA	31.7	30.7	30.6	32.4
CORN				
New York	138,991	138,122	39,780	257,891
North Atlantic	1,306,606	1,488,136	897,529	2,034,264
% NY/NA	10 6	9 3	4 4	12 7
BARLEY & RYE				
New York	24,316	3,212	30,922	150,877
North Atlantic	339,920	53,881	96,760	558,737
% NY/NA	7 2	6 0	32 0	27 0
OATS				
New York	11,813	14,400	995	107,670
North Atlantic	17,576	15,902	7,666	275,703
% NY/NA	67 2	90 6	13 0	39 1
SORGHUMS				
New York	238	24	1,427	3,212
North Atlantic	1,745	2,471	3,870	4,554
% NY/NA	13 6	1 0	36 9	70.5
SOYBEANS				
New York	23	30,042	5,908	4,941
North Atlantic	177,357	306,642	351,556	403,548
% NY/NA	0 01	3 3	1 7	1 2
TOTAL BULK GRAINS				
New York	839,680	732,810	775,490	1,094,458
North Atlantic	3,941,771	3,715,081	3,632,079	5,037,547
% NY/NA	21 3	19.7	21 4	21.7

[fol. 4285]

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BULK ORE IMPORTS

The nation's growing need for foreign ores was reflected in the substantially larger volumes of bulk ore imports handled by the North Atlantic ports. In 1955 the volume was 21,101,251 tons, an increase of 34.2 per cent over the previous year.

IRON ORE

Over 79 per cent of all bulk ore imported through the North Atlantic was iron ore. In 1955, North Atlantic iron ore imports totaled 16,865,781 tons, double the volume in 1953.

In contrast, the Port of New York's iron ore imports were only 308 tons during 1955. It is these heavy and increasing movements of import iron ore which are largely responsible for the higher shares of total oceanborne commerce being handled by the ports south of New York.

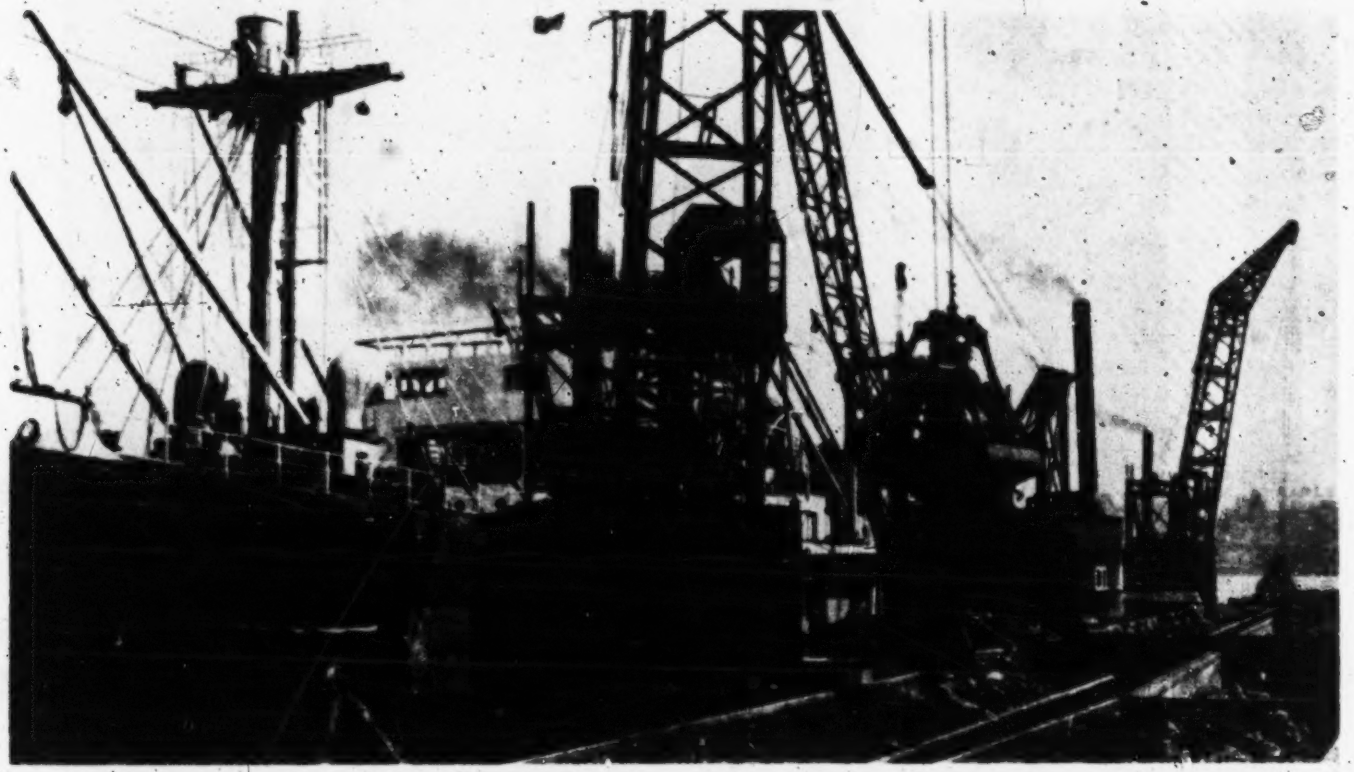
COPPER AND OTHER ORES

Reaching a five year high, the Port of New York's volume of copper imports increased to 315,817 tons. The Port of New York accounts for 99.8 per cent of the North Atlantic copper imports due to the tidewater refineries in New Jersey. The increased tonnage was directly attributable to a high domestic demand for copper products.

New York's tonnage for all other ores was 513,939, a decrease of 7.1 per cent. Minor gains for manganese and lead were offset by declines in chrome and bauxite.

COMPETITIVE SHARES

The Port of New York's share of North Atlantic bulk ore imports in 1955 was 3.9 per cent, a decline of 1.4 percentage points compared to 1954. New York cannot establish its position in the growing ore trade until rail rates from the Port to the Midwest are equalized with the rate structure at ports south of New York, permitting competition between all North Atlantic ports for these imports. The Port of New York Authority is taking an active part in a current proceeding before the Interstate Commerce Commission which seeks to equalize Port of New York rail rates on imported ore with those in effect at competitor ports.



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[fol. 4286]

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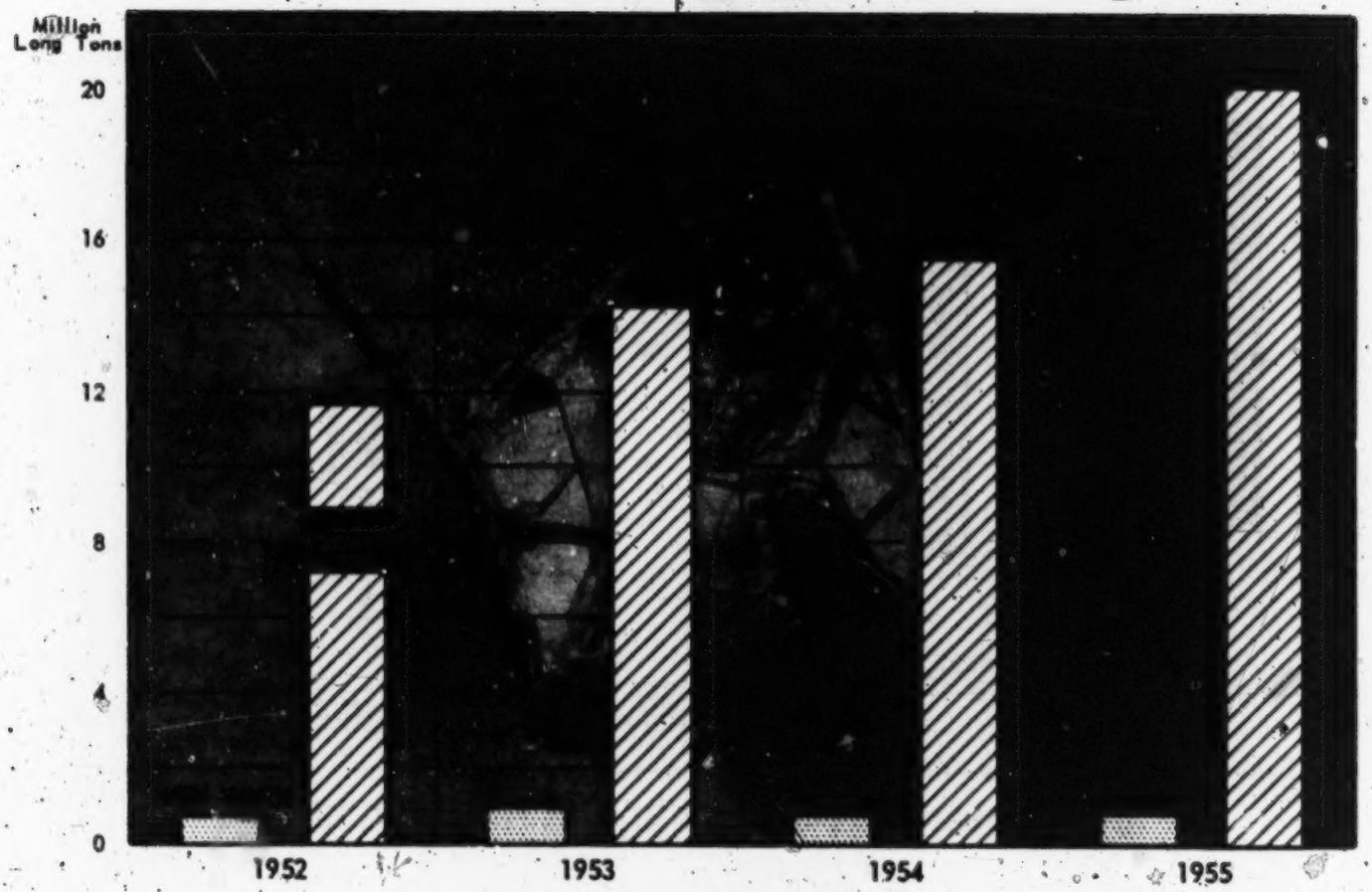
BULK ORE IMPORTS

1952 - 1955



BULK ORE IMPORTS

New York & North Atlantic Coast

(Long Tons)

	1952	1953	1954	1955
IRON ORE				
New York	396	169	156	308
North Atlantic	7,120,658	8,285,161	11,645,788	16,865,781
% NY/NA	0.005	0.002	0.001	0.002
MANGANESE				
New York	33,976	15,266	15,426	28,719
North Atlantic	2,487,875	3,185,384	1,961,330	1,984,291
% NY/NA	1.4	0.5	0.8	1.4
CHROME				
New York	186,846	194,109	134,033	97,019
North Atlantic	1,463,297	1,778,503	1,187,670	1,347,348
% NY/NA	12.8	10.9	11.3	7.2
BAUXITE				
New York	167,320	258,917	230,816	190,166
North Atlantic	194,052	322,043	302,196	249,762
% NY/NA	86.2	80.4	76.4	76.1
COPPER				
New York	204,062	297,016	274,021	315,817
North Atlantic	204,062	298,395	286,339	316,298
% NY/NA	100%	99.5	95.7	99.8
LEAD				
New York	4,122	7,733	1,999	6,391
North Atlantic	4,547	8,824	2,660	9,213
% NY/NA	90.7	87.6	75.2	69.4
MISC. ORES				
New York	113,465	202,751	170,824	191,644
North Atlantic	212,270	373,247	343,008	329,258
% NY/NA	53.5	54.3	49.8	58.2
TOTAL BULK ORES				
New York	710,187	975,961	827,275	830,064
North Atlantic	11,686,761	14,251,557	15,728,996	21,101,251
% NY/NA	6.1	6.8	5.3	3.9

NOTE: Iron Ore represented 79.9% of all bulk ores imported through the North Atlantic in 1955.

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[fol. 4287]

VESSEL ACTIVITY AND VALUE OF OCEANBORNE TRADE

The greatest number of vessel movements handled by the Port of New York since World War II occurred in 1955. If these movements had been scheduled around the clock throughout the year, a ship would have arrived or departed every twenty minutes. New York's vessel activity was twice as large as the next busiest seaport. This record indicates the very positive advantage of frequency and quality of steamship service that is available for shippers at the New York-New Jersey Port.

VESSEL ACTIVITY

In 1955, 12,625 vessels arrived at New York and 12,605 departed, a total of 25,230 in foreign, coastal and intercoastal commerce. These vessels carried the flags of some forty-four different nations.

The American merchant fleet, with a total of 6,303 arrivals made up the largest share of port traffic.

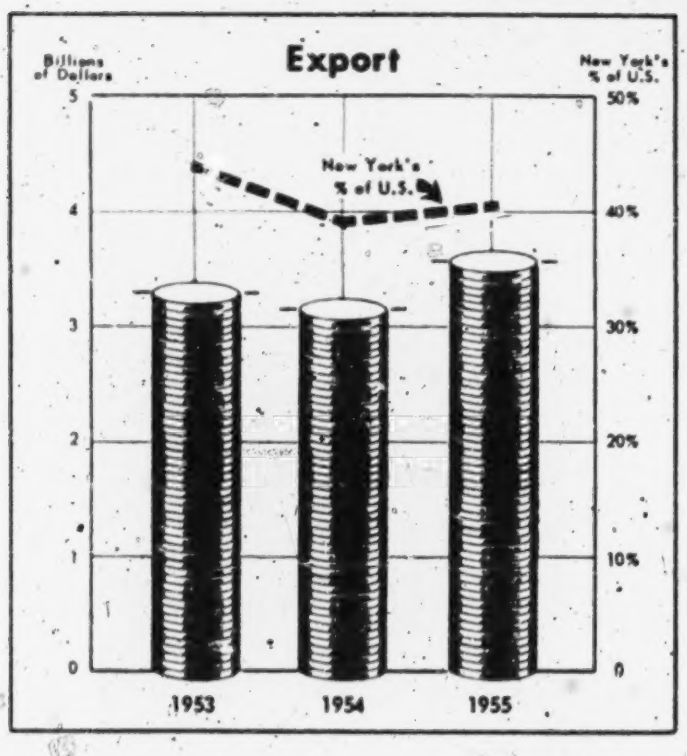
The Norwegian, Liberian and Swedish merchant fleets succeeded during the year in improving their relative positions. The merchant fleet flying the Liberian flag, which now occupies fourth place in the flag list, made the biggest improvement with an increase from 171 to 540 over the past three years.

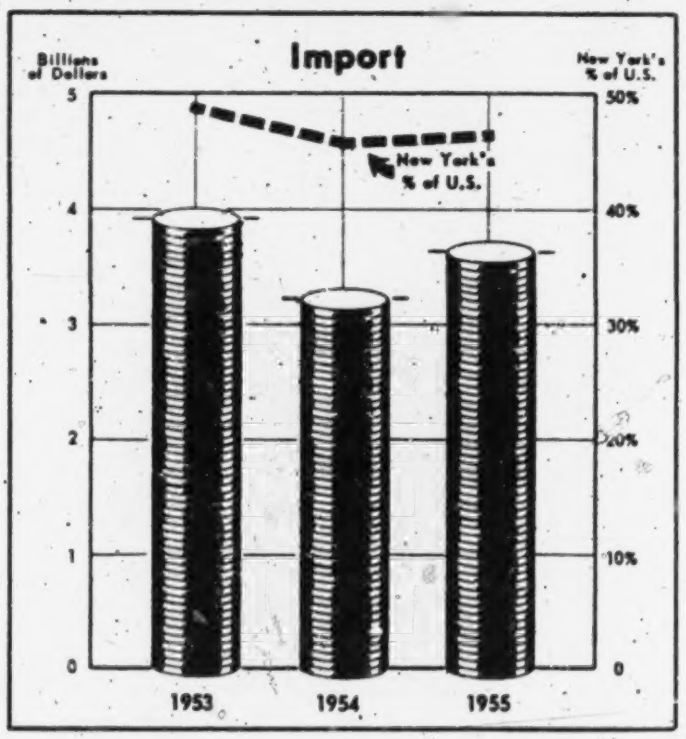
VALUE

The value of the foreign oceanborne cargo brought to and from the Port of New York by the merchant fleets of the world was $7,221,200,000, or an increase of 13.8 per cent over 1954. This represents 43.3 per cent of the United States dollar value of foreign oceanborne cargo, indicating the power of New York in attracting and servicing the high value cargo moving in international commerce.

The value of New York's exports was $3,591,800,000. This represents 40.6 per cent of the total United States exports. On the import side, shipments were valued at $3,629,900,000, or 46.5 per cent of total United States imports.

VALUE OF NEW YORK'S OCEANBORNE TRADE





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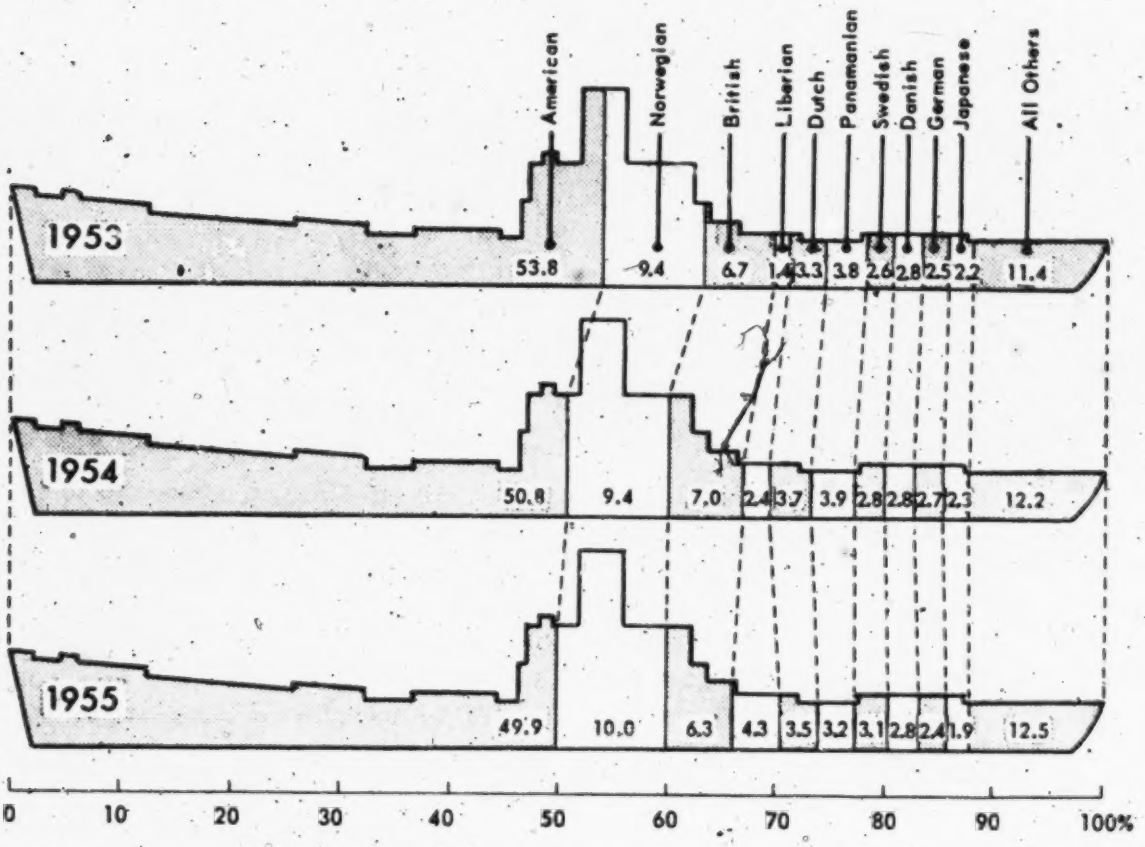
[fol. 4288]

PORT OF NEW YORK'S VESSEL TRAFFIC BY FLAG

1953 – 1955



Rank	1953			1954			1955		
	Flag	Number	%	Flag	Number	%	Flag	Number	%
1	American	6,788	53.8	American	6,056	50.8	American	6,303	49.9
2	Norwegian	1,185	9.4	Norwegian	1,122	9.4	Norwegian	1,268	10.0
3	British	847	6.7	British	830	7.0	British	793	6.3
4	Panamanian	474	3.8	Panamanian	467	3.9	Liberian	540	4.3
5	Dutch	419	3.3	Dutch	445	3.7	Dutch	447	3.5
6	Danish	358	2.8	Swedish	334	2.8	Panamanian	397	3.2
7	Swedish	329	2.6	Danish	331	2.8	Swedish	394	3.1
8	German	317	2.5	German	319	2.7	Danish	359	2.8
9	Japanese	275	2.2	Liberian	291	2.4	German	300	2.4
10	French	192	1.5	Japanese	269	2.3	Japanese	244	1.9
	Other	1,370	11.4		1,464	12.2		1,580	12.5
	All Arrivals	12,607	100.0		11,928	100.0		12,625	100.0
	Arrivals & Departures	25,210	--		23,857	--		25,230	--

[fol. 4289]

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SUMMARY AND OUTLOOK

The New York-New Jersey Port's oceanborne foreign trade (general and bulk cargo) in 1955 rose to 35,633,720 tons from 32,021,739 tons in 1954. Substantial gains were registered in both general cargo and bulk tonnage. But despite the larger tonnages handled by the Port, its share of United States oceanborne foreign trade - both general and bulk cargoes - declined from 19.1 per cent to 16.6 per cent.

GENERAL CARGO

General cargo export tonnage was 6,389,063 tons, up 29.5 per cent over 1954. Imports were 6,375,172 tons, an increase of 9.5 per cent. For exports and imports combined, the Port of New York handled 12,764,235 tons, an increase of 18.7 per cent over the preceding year. These gains reflect the general high level of world trade.

The Port of New York's competitive share of United States general cargo exports was 26.8 per cent and of imports, 28.6 per cent. Compared to 1954, the share of exports was unchanged and the share of imports off slightly. Against the 1947-1953 average, however, New York's competitive position has declined.

BULK CARGO

Imports and exports of bulk cargo (grain, ore, petroleum, coal, minerals) via the New York Customs District amounted to 22,869,485 tons, an increase of 7.5 per cent above 1954. The largest gains were in petroleum and grain.

While the Port's bulk tonnage moved upward, it did not keep abreast of the gains registered by other ports that specialize in this low value cargo. To illustrate, New York's tanker imports, mainly petroleum products, rose 6.1 per cent while the increase for the country was 17.5 per cent.

New York's share of United States bulk cargo decreased from 16.4 per cent in 1954 to 13.6 per cent in 1955.

DOLLAR VALUE

The dollar value of the inbound and outbound cargo moving via the New York - New Jersey Port was $7,221,200,000, or an increase of 13.8 per cent above the $6,346,400,000 handled in 1954.

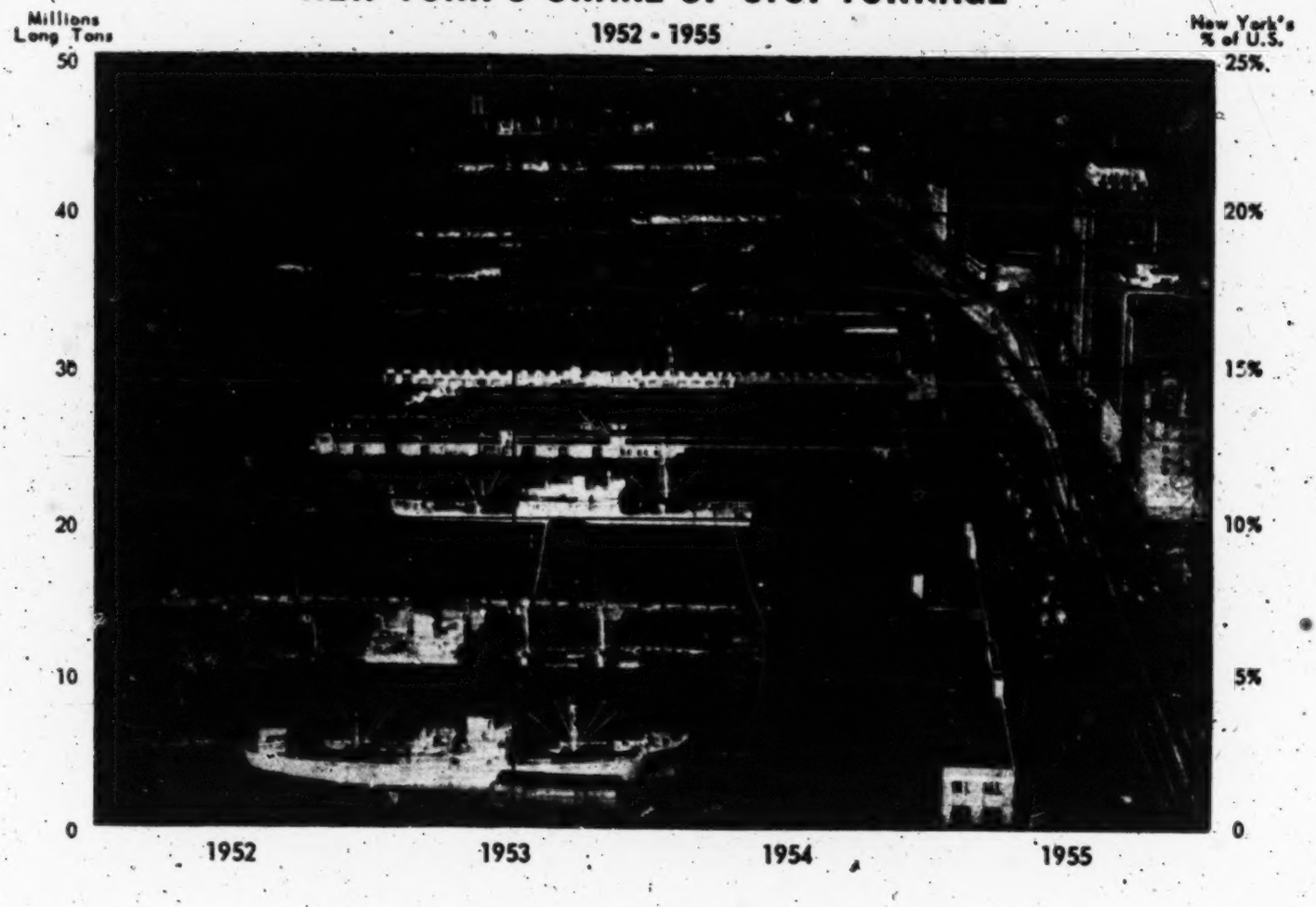
The value of New York's foreign oceanborne cargo in 1955 was 43.3 per cent of the total United States value, compared with 42.2 per cent in 1954 and 46.5 per cent in 1953.

OUTLOOK

It is estimated that the value of the Port of New York's oceanborne foreign trade will show a modest improvement in 1956, based primarily on higher prices for goods moving in foreign trade.

Despite the pressure of aggressive competition, export tonnage of capital goods and consumer goods at the Port of New York are expected to increase. Imports may show less buoyancy, with foodstuffs maintaining the levels achieved in 1955. Imports of manufactured goods - vehicles, machinery, and consumer items as a class - are expected to show the largest percentage gains.

NEW YORK'S SHARE OF U.S. TONNAGE



TOTAL OCEANBORNE FOREIGN TRADE

- GENERAL & BULK -
(Long Tons)

		1952	1953	1954	1955
TOTAL:	United States	173,811,064	165,056,473	167,630,406	214,810,891
	New York	32,935,342	35,575,089	32,021,739	35,633,720
	% NY/US	18 9	19 7	19 1	16.6
GENERAL:	United States	38,771,376	36,598,683	37,793,861	46,100,369
	New York	12,676,821	11,916,960	10,753,008	12,764,235
	% NY/US	32 7	32 6	28 5	27.7
BULK:	United States	135,039,688	128,457,790	129,836,545	168,710,522
	New York	20,258,521	20,658,129	21,268,731	22,869,485
	% NY/US	15 0	16 1	16 4	13.6

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[101-4291]

EXPLANATION OF CARGOES USED IN THIS REPORT

The data in this report present consolidated shipping weight figures which include outbound and inbound shipments in the waterborne foreign commerce of the United States as defined below.

OUTBOUND

The outbound data are based on the following elements:

(1) Vessel exports and re-exports, including trade between Alaska, Hawaii, and Puerto Rico and foreign countries, export shipments to United States Government agencies; and exports under the various foreign aid programs made on commercial vessels only. Excluded from these figures are shipments to the United States Armed Forces abroad for their own use, shipments between continental United States and the territories and possessions, shipments of household and personal effects, shipments of vessels under their own power and afloat, and shipments by mail and parcel post. Effective with January 1954 statistics, these data also exclude all export shipments valued at under $500, regardless of shipping weight.

(2) Vessel export shipments of Department of Defense controlled cargo, representing cargo exported by the Department of Defense under special foreign aid programs, i.e., Civilian Supply, Mutual Security, etc. on United States flag vessels such as Army or Navy transports and commercial vessels chartered by the Department of Defense under time charter, voyage charter and space charter arrangements.

(3) Vessel exports of non-Department of Defense controlled shipments of "Special Category" commodities.

(4) Outbound vessels shipments of merchandise moving in transit under bond through the United States from one foreign country to another.

Export and outbound in-transit shipments by vessel are credited to the Customs district and port at which the merchandise was laden.

INBOUND

The inbound data consist of figures which incorporate the following elements.

(1) Water-borne general imports, which represent the total of imports for immediate consumption plus entries into Customs bonded warehouses. Excluded from these figures are imports of household and personal effects, shipments covered by informal entries, and import shipments by mail and parcel post. Also excluded are import shipments on Army or Navy transports (vessels owned and operated by the Army or Navy). However, any import shipments on vessels chartered by the Department of Defense under time charter arrangements are included (export shipments under such arrangements are excluded from the export vessel shipping statistics). Effective with January 1954 statistics, these data also exclude all import shipments where the shipping weight is less than 2,000 pounds, regardless of value.

(2) Inbound vessel arrivals of merchandise moving in transit under bond through the United States from one foreign country to another.

Imports by vessel are credited to the Customs district and port at which the merchandise was unladen, even though this may be different from the Customs district in which the goods were entered for immediate consumption or entered into warehouses.

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TRADE INDICATORS

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[fol. 4293]

UNITED STATES OCEANBORNE
BY COASTAL AR[illegible]

	EXPORTS		
	1953	*1954*	*1955*
NORTH ATLANTIC:	6 678 588	7 713 795	10 802 175
(NEW YORK)	(4 727 500)	(4 933 326)	(6 389 063)
SOUTH ATLANTIC:	842 737	1 278 280	1 970 146
GULF:	3 936 930	4 965 418	6 032 165
ATLANTIC & GULF COASTS:	11 458 255	13 957 493	18 804 486
WEST COAST:	2 998 462	3 838 317	4 314 030
OTHER:	678 439	596 228	679 051
UNITED STATES OCEANBORNE:	15 135 156	18 392 038	23 797 567

SHARES OF ATLANTIC AND GULF COAST
BY COASTAL AREA

	EXPORTS		
	1953	*1954*	*1955*
NORTH ATLANTIC:	58.2	55.2	57.4
(NEW YORK)	(41.3)	(35.3)	(34.0)
SOUTH ATLANTIC:	7.4	9.2	10.5
GULF:	34.4	35.6	32.1
ATLANTIC & GULF COASTS:	100.0	100.0	100.0

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[fol. 4294]

GENERAL CARGO FOREIGN TRADE

19[redacted] - 1955 (Long Tons)

IMPORTS						
Percent Change					Percent Change	
55/54	55/53	1953	1954	1955	55/54	55/53
+ 40.0	+ 61.7	12 073 645	10 110 059	10 968 567	+ 8.5	— 9.2
(+ 29.5)	(+ 35.1)	(7 189 460)	(5 819 682)	(6 375 172)	(+ 9.5)	(—11.3)
+ 54.1	+133.8	1 303 552	1 435 934	1 812 126	+ 26.2	+39.0
+ 21.5	+ 53.2	3 793 727	3 570 873	3 799 937	+ 6.4	+ 0.2
+ 34.7	+ 64.1	17 170 924	15 116 866	16 580 630	+ 9.7	— 3.4
+ 12.4	+ 43.9	3 135 982	3 296 926	3 640 323	+ 10.4	+16.1
+ 13.9	+ 0.1	1 156 621	988 031	2 081 849	+110.7	+80.0
+ 29.4	+ 57.2	21 463 527	19 401 823	22 302 802	+ 15.0	+ 3.9

GENERAL CARGO FOREIGN TRADE

1953 - 1955 (Per Cent)

IMPORTS						
Percentage Point Change					Percentage Point Change	
55/54	55/53	1953	1954	1955	55/54	55/53
+2.2	—0.8	70.3	66.9	66.2	—0.7	—4.1
(—1.3)	(—7.3)	(41.9)	(38.5)	(38.4)	(—0.1)	(—3.5)
+1.3	+3.1	7.6	9.5	10.9	+1.4	+3.3
—3.5	—2.3	22.1	23.6	22.9	—0.7	+0.8
—	—	100.0	100.0	100.0	—	—

[fol. 4295]

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OCEANBORNE FOREIGN TRADE OF

1953 - 55

Commodity Group	*United States* 1953	1954	1955
EXPORTS			
General Cargo	15 135 156	18 392 038	23 797 567
Grain	10 473 438	8 319 983	12 923 556
Coal	13 216 275	14 289 936	31 743 517
Minerals (a)	3 569 896	4 323 179	3 989 826
Foreign Aid	3 709 744	3 439 374	2 890 623
Tanker Cargo	10 722 187	8 203 126	9 246 339
Total Exports	56 826 696	56 967 636	84 591 428
IMPORTS			
General Cargo	21 463 527	19 401 823	22 302 802
Minerals (b)	4 416 783	4 393 776	4 529 167
Ores	20 373 171	23 665 156	29 136 156
Tanker Cargo	61 976 296	63 202 015	74 251 338
Total Imports	108 229 777	110 662 770	130 219 463
TOTAL			
General Cargo	36 598 683	37 793 861	46 100 369
Bulks	128 457 790	129 836 545	168 710 522
Total Exports & Imports	165 056 473	167 630 406	214 810 891

(a) Mineral Exports include sulphur and phosphates.

(b) Mineral Imports include clays and earths, gypsum and nitrates.

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UNITED STATES AND NEW YORK

(Long Tons)

New York			Percent N. Y./U. S.		
1953	*1954*	*1955*	*1953*	*1954*	*1955*
4 727 500	4 933 326	6 389 063	31.2	26.8	26.8
732 810	775 490	1 094 458	7.0	9.3	8.5
91 606	14 925	28 201	0.7	0.1	0.1
11 561	13 963	8 124	0.3	0.3	0.2
620 274	404 957	320 668	16.7	11.8	11.1
375 892	447 561	527 921	3.5	5.5	5.7
6 559 643	6 590 222	8 368 435	11.5	11.6	9.9
7 189 460	5 819 682	6 375 172	33.5	30.0	28.6
894 609	916 316	1 103 320	20.3	20.9	24.4
976 961	827 275	830 064	4.8	3.5	2.8
16 954 416	17 868 244	18 956 729	27.4	28.3	25.5
26 015 446	25 431 517	27 265 285	24.0	23.0	20.9
11 916 960	10 753 008	12 764 235	32.6	28.5	27.7
20 658 129	21 268 731	22 869 485	16.1	16.4	13.6
32 575 089	32 021 739	35 633 720	19.7	19.1	16.6

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VALUE OF OCEANBORNE FOREIGN TRADE
UNITED STATES AND NEW YORK

1953-1955

(Thousands of Dollars)

	Year	Exports	Imports	Exports and Imports
United States	1953	7 505 600	7 956 600	15 462 200
	1954	7 955 400	7 069 700	15 025 200
	1955	8 855 300	7 812 200	16 667 500
% Change	55/54	+ 11.3	+ 10.5	+ 10.9
	55/53	+ 18.0	— 1.8	+ 7.8
New York	1953	3 275 800	3 921 800	7 197 600
	1954	3 133 100	3 213 300	6 346 400
	1955	3 591 800	3 629 400	7 221 200
% Change	55/54	+ 14.6	+ 12.9	+ 13.8
	55/53	+ 9.6	— 7.5	+ 0.3
% N. Y./U. S.	1953	43.6	49.3	46.5
	1954	39.4	45.5	42.2
	1955	40.6	46.5	43.3
% Point Change	55/54	+ 1.2	+ 1.0	+ 1.1
	55/53	— 3.0	— 2.8	— 3.2

NEW YORK VESSEL PASSENGERS

1952-1955

	1952	1953	1954	1955
Arrivals	487 296	457 680	487 603	485 845
Departures	408 958	420 653	440 796	437 539
Total	896 254	878 333	928 399	923 384

GENERAL CARGO EXPORT RAILROAD CARS UNLOADED
NEW YORK AND UNITED STATES

1952-1955

	1952	1953	1954	1955
New York	231 284	196 441	170 858	176 272
United States	670 988	603 886	574 977	639 805
% N.Y./U.S.	34.5	32.5	29.7	27.6

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THE PORT OF NEW YORK AUTHORITY is a self-supporting corporate agency of the States of New Jersey and New York. Operating without burden to the general taxpayer, the Port Authority was created in 1921 by treaty between the two States to deal with the planning and development of terminal and transportation facilities, and to improve and protect the commerce of the Port District.

Port Authority Commissioners, six from each State, are appointed by the Governors of New Jersey and New York. They serve without pay for terms of six years.

Charged by statute with the protection of port commerce, the Port Authority appears before such regulatory bodies as the Interstate Commerce Commission, the Civil Aeronautics Board and the Federal Maritime Board in the interest of the unified Port District. It maintains Trade Development Offices in New York, Washington D. C., Chicago and Cleveland in the United States and in Rio de Janeiro, Brazil in the interest of promoting the movement of commerce through the Port of New York.

PORT AUTHORITY FACILITIES

TUNNELS & BRIDGES	MARINE & INLAND TERMINALS	AIRPORTS
Holland Tunnel	Port Newark	N. Y. International Airport
Lincoln Tunnel	Hoboken-Port Authority Piers	La Guardia Airport
George Washington Bridge	Port Authority Grain Terminal	Newark Airport
Bayonne Bridge	Brooklyn-Port Authority Piers	Teterboro Airport
Goethals Bridge	Union Railroad Freight Terminal	
Outerbridge Crossing	N. Y. Union Motor Truck Terminal	
	Newark Union Motor Truck Terminal	
	Port Authority Bus Terminal	

COMMISSIONERS

NEW JERSEY	NEW YORK
DONALD V. LOWE, *Chairman*	HOWARD S. CULLMAN, *Honorary Chairman*
HORACE K. CORBIN	EUGENE F. MORAN, *Vice Chairman*
JESS HARRISON DAVIS	S. SLOAN COLT
DOW H. DRUKKER, JR.	CHARLES S. HAMILTON, JR.
JAMES C. KELLOGG, III	CHAS. H. SELLS
THORN LORD	N. BAXTER JACKSON

AUSTIN J. TOBIN
Executive Director

Roger H. Gilman
Director of Port Development

Clifford B. O'Hara
Chief, Port Commerce Division

Jerome Gilbert
Trade Economist

Donal Smith

Stanton Fields

Edward J. Stout

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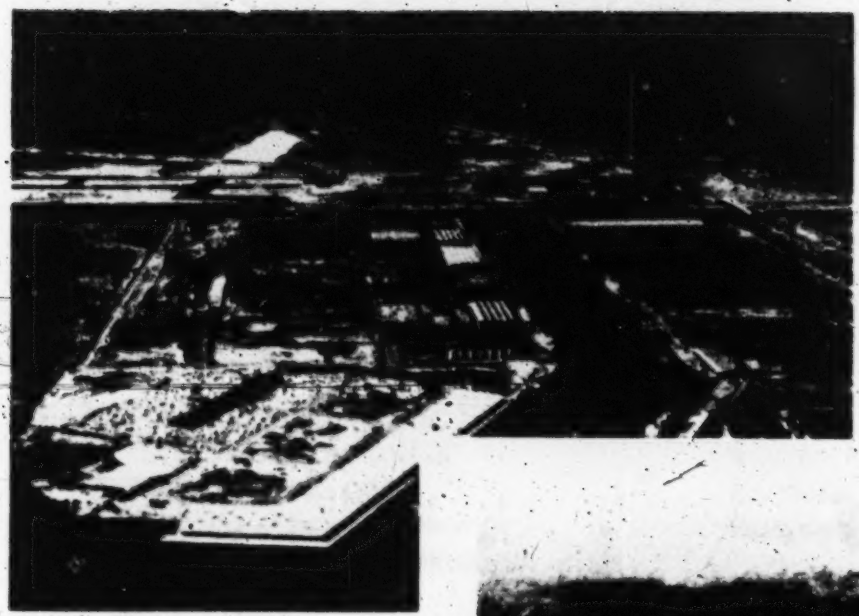

Port Newark

Hoboken - Port Authority Piers

4300